Sustained sustainability progress
Welcome to our 2022 Sustainability Report, through which we share our progress on the five priorities of our strategy to become a more sustainable, responsible business, and journey to create value for our stakeholders.

The reporting scope includes all facilities and operations owned and/or controlled by COFCO International through any period within the 2022 calendar year. The information cited in this report and in the supplementary GRI content index table is reported with reference to the GRI Standards. The index table is available for download on our website and forms an integral part of this report.

Part of the environmental, health and safety data has been externally verified (see Assurance Statement).

What’s inside?

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Over the past five years, the global population has experienced significant, rapid change and uncertainty. Within agriculture, farmers face the impacts of climate change, resource scarcity and biodiversity loss, while food supply chains are still encountering disruption and rising costs brought by the pandemic and geopolitical instability. In the face of these challenges, COFCO International has sought to help accelerate the transition to sustainable agriculture, protect the climate and conserve the environment, while remaining true to our mission to feed the world responsibly and supporting global food security.

Above all, we have kept our people safe and transformed our operations to keep agricultural supply chains moving, particularly amid the pandemic. And we have maintained our high product quality, while relentlessly advancing our sustainability agenda and building resilience, taking action on the social and environmental issues where we stand to make the greatest impact. We have made strides by improving our understanding of how we can contribute to addressing climate change, gaining deeper visibility of supply chain risks, raising supplier standards, and collaborating towards collective, sector-led efforts to safeguard biodiversity in key sourcing regions. We have created strong foundations for improved human rights performance among our supply base and forged new strategies for biodiversity conservation, carbon reduction and water efficiency in our operations, supported by robust goals and monitoring. Beyond this, we have increasingly engaged with rural communities near our operations, expanding access to agricultural skills, while diversifying our global workforce and strengthening our business for the future.
Navigating a comprehensive sustainability journey

In the past year, the importance of protecting the climate and conserving biodiversity has been at the forefront of the global sustainability agenda, with two major UN conferences setting the tone for business and government action on deforestation and emission reduction. We remain committed to playing our part in accelerating the transition to sustainable agriculture, both within our operations and across our supply chains, as we strive to feed the world responsibly.

Further, we have continued to act while navigating social, economic and logistical challenges related to the pandemic and geopolitical instability. Importantly, we have prioritised the ongoing and stable supply of major commodities and efficient trading, while optimising our management of risks and keeping our people safe. We are increasingly building a better understanding of how both economic and sustainability issues stand to impact our business, developing greater resilience and innovating for the future.

In 2022, we are celebrating five years of a rapid and comprehensive sustainability journey. Starting from humble foundations, we have made important strides and developed ground-breaking sustainability-linked financing solutions, while recognising the distance left to travel. In this report, we take stock of our progress, highlight our opportunities for improvement, and share the priorities of our latest materiality review, which will guide our next five years of progress.

Collaboration presents an important opportunity for us to create value, expand and build an ecosystem of trust and mutual benefit. That is why we are forging partnerships across our industry and beyond to address shared challenges and identify strategic solutions that benefit our company and stakeholders and deliver financial, social and environmental returns. In particular, COFCO International has committed to implementing the Agriculture Sector Roadmap to 1.5°C, along with 13 other major agri-businesses. Together, we will strive to prevent deforestation and reduce emissions in our supply chains. Our ongoing work on improving traceability and addressing social and environmental risks within our soy and palm oil supply chains will stand us in good stead to deliver results. Lowering the emissions of our freight operations through our own initiatives and collective efforts such as the Sea Cargo Charter and Getting to Zero Coalition will also contribute to reducing our overall environmental footprint.

Safety remains paramount across our business, and I am pleased to report zero fatalities and good occupational health and safety performance in 2022, with our safety index target for employees achieved. We seek to continuously raise our performance by strengthening our monitoring efforts and promoting safety among our suppliers. We have also strived to ensure the safety of our Ukrainian employees and help support them and their families by providing them with opportunities to move to other COFCO International locations. We have made solid progress on fostering a diverse, inclusive workplace, further integrating respect for human rights within our daily work, and continue to focus on attracting and retaining talented employees who share our values. In Brazil, we were awarded the Great Place to Work certificate.

To reinforce our progress on environmental responsibility, we are developing a robust climate strategy, based on a comprehensive study of our emissions and climate risks to inform targeted efforts. I look forward to implementing this in 2023 and beyond, complemented by our involvement in the Agriculture Sector Roadmap to 1.5°C, and our collective action to mobilise partnerships and funding for large-scale solutions to prevent deforestation in soy producing landscapes in Brazil through the Farmer First Clusters Initiative. We continue to raise the bar on operational efficiency, improving productivity while further investing in measures to reduce the impact of our assets on the environment, particularly in light of additional energy and water requirements prompted by our 2022 sugarcane production growth.

Some 49,000 people in our communities have benefited from investment projects, including through our second Global Impact Season, which brought together employees from around the world to take action on local projects. We are also expanding our Guardians of Tomorrow children’s education programme from Brazil to Argentina. We remain in dialogue with local communities to address their priorities. And we have continued to help expand access to skills among women and young people in these communities, while creating more talent for our business, and improve livelihoods among people who depend on agriculture for living.

To uphold strong standards, we have developed and revised our policies to promote further efficiency and stronger progress towards our strategic objectives, including our anti-money laundering policy. I can also report zero cases of corruption or product safety incidents, with continued investment in maintaining our performance. As we look forward to the year ahead, I would like to call on our employees and external stakeholders to show their support of our work on climate action and help us renew our efforts to promote global food security. Together, we can make more rapid, lasting progress on transforming commodity supply chains to create a more sustainable food system, improving livelihoods and protecting our planet for future generations.

David Dong
CEO of COFCO International

Above: Sustainable production is the way forward to meet the growing demand for food responsibly.

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People in our communities who have benefited from investment projects.
As a global agri-business, COFCO International’s mission is to feed the world responsibly. We are increasingly seeking every opportunity to promote sustainable agricultural supply chains, including transport and production, helping to nourish the growing population.

Our company employs 11,651 people of 64 nationalities in 37 countries, providing an inclusive workplace where diverse talent can thrive and contribute positively to our business. We continue to expand our operations, which focus on the sourcing, storing, processing, and transporting of major commodities, including grains, oilseeds, sugar, coffee and cotton. In 2022, our sales volumes to third parties reached 127 million tonnes of commodities, creating revenues of $53.3 billion.

Together with our value chain partners and suppliers, we are stepping up our efforts to fulfill the rising demand for food. Throughout our operations, we seek to achieve excellent performance, collaborative innovation and promote high ethical and technical standards. To maintain our advanced, mechanised operations, we continue to invest in effective technologies and infrastructure, promoting sustainable efficiency. With operations in South America, the world’s largest agricultural commodity-exporting region, we are also increasingly active in strategic producing countries in North America, Europe, Africa and Asia-Pacific.

Key figures

- **$53.3bn** Revenue
- **11,651** Employees
- **37** Countries
- **32.1m** Tonnes port capacity
- **2.2m** Tonnes inland storage capacity
- **28.6m** Tonnes processing capacity
- **127m** Tonnes sales volume

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**We are COFCO International**

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From farm to table: our range of commodities

**Grains**
Wheat, corn, barley, sorghum
- Origin: South America, Black Sea, North America, Europe, Australia, Southern Africa
- Our main role: sourcing, storing, distribution
- How are grains used? With cereal use expected to rise by 11% over the next decade and Asian countries accounting for a significant proportion of the increase, grains will continue to be an important staple food. In addition, they are used for animal feed, and to manufacture some cooking oils, fuels, cosmetics and alcohol.

**Oilseeds**
Soybean, sunflower seed, rapeseed, oil palm, specialty oils (groundnut, castor), derived oils and products
- Origin: South America, Black Sea, North America, Southeast Asia, Southern Africa
- Our main role: sourcing, storing, processing, distribution
- How are oilseeds used? Oilseeds are the basis for important edible oils (e.g. sunflower oil, rapeseed oil). Improved production and quality standards coupled with better farming techniques enable agricultural companies to meet rising demand. Palm oil is also a versatile product with many uses in different industries, including bioc Nile. The meal fraction from many oilseeds is used as a high-protein animal feed product. Some specialty oils (e.g. groundnut oil, castor oil) are also used in technical applications.

**Sugar**
Sugar, ethanol, electricity
- Origin: South America, South Asia, Southeast Asia
- Our main role: farming, sourcing, storing, processing, distribution
- How is sugar cane used? Sugarcane is commonly used for the production of sugar and bioethanol. The juice extracted from sugarcane is processed to make raw sugar for further refining into other products. Meanwhile, the residue (bagasse) can be used as a fuel to power sugar mills or for conversion into bioethanol.

**Coffee**
Arabica and robusta beans
- Origin: South America, Central America, Southeast Asia
- Our main role: sourcing, storing, processing, distribution
- How are coffee beans used? As one of the most widely consumed beverages worldwide, coffee is one of the most traded commodities globally. The growing coffee market is partially due to increasing consumption in emerging economies and a greater interest in specialty coffee and product innovations in developed countries.

**Cotton**
Cotton bales
- Origin: South America, North America, South Asia, Middle East, West Africa, Southeast Asia, Europe
- Our main role: sourcing, storing, distribution
- How is cotton used? Cotton is the world’s most popular natural fibre. Grown rapidly, it plays a major role in clothing and other textiles. Demand for which is rising, particularly in Asian countries. Cultivated sustainably, it can provide a good alternative to synthetic fibres.

**Maritime freight**
Dry bulk shipping
- Key regions served: Americas, Europe, Middle East, Africa, Asia Pacific
- Our main role: maritime logistics
- How is maritime freight used? In our global economy, shipping is the bridge that connects supply and demand. Maritime shipping, in particular, is the most carbon efficient transport mode, moving around 90% of cargos, while being responsible for some 2.2% of global greenhouse gas emissions.
**Stages of the value chain where we are present**

**Agricultural production**
We source agri-commodities from the network of agricultural producers all over the world. In addition, we operate over 260,000 hectares of plantations in Brazil and South Africa.

**Commodities**
Grains and oilseeds, sugarcane, coffee, cotton, and bioenergy.

**Our footprint**
We source most of our commodities from farmers, co-operatives and other suppliers, pursuing direct relationships in all major production countries, in order to reduce risk in our supply chains.

We also operate around 180,000 hectares of sugarcane plantations in Brazil, producing sugar and bioenergy, and 60,000 hectares of grains and oilseed plantations jointly with local farmers in South Africa.

**Optimising our impact**
We evaluate supplier risk and require all our suppliers to adhere to rigorous ethical and environmental standards, monitoring their compliance. We are increasingly directing our efforts towards our most strategic and high-risk suppliers, promoting capacity building among farmers.

Within our sugarcane plantations, we strive to continuously improve farming practices and lower carbon emissions, including by using organic pest control methods and fertilisers (by applying vinasse, a by-product of ethanol production, for example).

We promote biodiversity around our farms by monitoring flora and fauna, conserving natural habitats and supporting reforesting initiatives.

**Storage**
We store commodities in warehouses and silos ahead of processing or delivery.

**Commodities**
Grains and oilseeds, sugarcane, cotton, coffee, fertilisers.

**Our footprint**
We operate a network of 57 warehouses and silos at strategic international locations, enabling us to store our agricultural commodities before processing or delivering them to customers.

**Optimising our impact**
We uphold high standards of product quality, health and safety and environmental management, respecting consistent corporate policies and relevant legislation. To manage risks effectively within storage facilities operated by third parties, we have developed our compliance tools to understand and address human rights risks among our suppliers. At the outset of our collaboration, we cover topics including health and safety, safe drinking water, personal protective equipment, decent and hygienic working conditions, proper paperwork and the prevention of child and forced labour or any kind of unfair treatment or discrimination.

**Processing**
We process commodities into products for local and global markets at our refineries and crushing facilities.

**Commodities**
Sugarcane, palm oil, sunflower, soybean, fertilisers.

**Our footprint**
We process agricultural commodities into products for local and global markets at our four palm oil refineries and six crushed crushing facilities in South America, Europe, the growing Asian market and Africa.

**Optimising our impact**
We innovate and invest in technologies to optimise energy and water consumption, improve our performance and collaborate across our business and sector to promote better practices that protect the environment, respect human rights and contribute to global food security.

**Marketing**
We leverage multiple platforms to trade agricultural commodities at scale internationally.

**Commodities**
Grains and oilseeds and their derivatives, sugar, bioenergy, cotton, coffee, fertilisers.

**Our footprint**
We use multiple platforms to trade agricultural commodities at scale internationally, working from 127 commercial offices in 37 countries.

**Optimising our impact**
We are helping to accelerate the transition to sustainable, responsibly produced agricultural commodities, as productivity increases to meet rising demand. In particular, we continuously improve our performance and collaborate across our business and sector to promote better practices that protect the environment, respect human rights and contribute to global food security.

**Transport**
We operate a large modern fleet of vessels to transport the majority of our commodities.

**Commodities**
Grains and oilseeds and their derivatives, sugar, cotton, coffee, fertilisers.

**Our footprint**
We leverage our sophisticated global maritime logistics network and charter a fleet of vessels to transport most of our commodities, speeding 15 port terminals. We also provide freight services to industrial customers.

**Optimising our impact**
We are acting to monitor greenhouse gas emissions from our time-chartered and voyage-chartered ships. We strive to reduce our carbon footprint by saving fuel and energy, exploring carbon opportunities and promoting efficient strategies supporting the shipping industry’s ambitions to halve its carbon footprint by 2050.

**Final product manufacturing, retail and consumption**
We partner with our downstream and retail customers to ensure the growing uptake of more sustainable and responsibly produced final products to meet market demand and consumer expectations. We also collaborate with our supply chain partners to help promote sustainable consumption and responsible purchasing choices, including through sustainability certifications and delivering greater transparency.

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Creating a more sustainable food system: five years of a rapid and comprehensive sustainability journey

As an agricultural commodity business, we can play an important role in creating a more sustainable food system and achieving global food security. Our CFO, Helen Song, reviews the progress we have made over the past five years of our sustainability strategy, and considers opportunities for the future.

We have pursued our journey with determination and courage, always striving for continuous improvement, and building real momentum by working from foundational policies and programmes and integrating sustainability in our daily business.”

Helen Song
Chief Financial Officer, COFCO International

Q&A

Hi, I'm Helen Song, Chief Financial Officer at COFCO International. COFCO is a leading agricultural commodity business, and as such, we have an important role to play in feeding the world in a sustainable way. Over the past five years, we have made significant progress in our sustainability journey. In this Q&A, I'll be sharing an overview of our strategy, our progress, and the future opportunities we see.

Q: Why did you create your sustainability strategy and why is it important now?

A: Our sustainability strategy was created to transform agriculture into a more sustainable system. The strategy is fundamental to our mission, which is to feed the growing global population responsibly. Our industry has far-reaching impacts on the climate and natural ecosystems, and our approach is to work from foundational policies and programmes and integrate sustainability into our daily business. We've seen tremendous progress over the past five years, but we've also identified areas where we need to improve.

Q: How would you describe the evolution of your journey and overall progress over the past five years?

A: We've pursued our journey with determination and courage, always striving for continuous improvement, and building real momentum by working from foundational policies and programmes. Our strategy has matured significantly over the past five years, and we've made substantial progress on key focus areas such as climate change and sustainability in our daily business. We've also made progress on improving food security and nutrition, and we're committed to continuing our sustainability journey.

Q: How have you involved employees and partners?

A: Collaboration is the only way to make an impact in transforming agriculture. We've engaged our employees and partners in our sustainability journey, and we've invested in building a collaborative culture and our agility, creativity, and entrepreneurial spirit. We've also empowered farmers to gain funding and resources to improve their practices through Farmer First Clusters.

Q: Could you explain the value of collaboration in your journey?

A: Collaboration is critical to our sustainability journey. It's about working together with our employees, partners, suppliers, and other stakeholders to achieve our sustainability goals. Collaboration enables us to make progress in areas such as climate change, sustainability, and food security. By working together, we can make a greater impact and ensure that our sustainability efforts are effective.

Q: What are your ambitions for the future?

A: Our ambitions for the future are focused on increasing our impact and transforming agriculture. We're committed to acting on the findings of our new materially assessment and expanding on our partnerships to create a lasting impact on preventing deforestation within our supply chains. We're focused on prioritizing our most significant risks and opportunities, and we're determined to strengthen our collective action to ensure that the food sector is part of the solution in preventing deforestation. We're committed to feeding the world responsibly, and we're determined to continue improving our sustainability journey.

Q&A

Above: Highlighting the importance of collaborating to deliver sustainable food systems at a 2023 Financial Times event in Lausanne, Switzerland.
Our strategy
Managing sustainability

To take effective action on sustainability, we must form a deep understanding of the issues that are the most important and material to our business and stakeholders. In this way, we continuously improve the way we manage social and environmental risks, build resilience in our business and contribute to society.

Reviewing these issues regularly is important to achieving our aims. Therefore, in 2022, together with an external partner, we ran a new materiality assessment and identified and prioritised the sustainability issues on which we stand to make the greatest difference. This analysis will help us review and update our sustainability strategy, Meeting Tomorrow’s Demand. We have reassigned the material topics under each of our five strategic pillars, as per the below table.

Understanding the materiality process

To prepare for the new analysis, we conducted a substantial literature review, and analysed the current and potential impacts of COFCO International’s business on important social, environmental and governance issues. We also conducted 14 in-depth interviews with senior COFCO International employees and external stakeholders, along with an online materiality survey through which we collected 117 stakeholder responses, with around two thirds represented by groups including civil society (30%, the largest share), service providers, suppliers, customers, peers, investors and industry associations. The remaining third were COFCO International employees. Brazil represented some 35% of responses, confirming it is a critical market for us.

2022 materiality updates

Among the key changes, we analysed sustainable agricultural sourcing at a deeper level, creating further categories including non-deforestation and non-conversion (the highest-ranking material topic), biodiversity and ecosystems, soil health, restoration and nature-based solutions. This builds on our work to conserve biodiversity and prevent deforestation. Human and labour rights remains the second highest rated topic. Additionally, as we are developing our climate strategy (the third highest rated topic), we can now provide a more holistic, comprehensive understanding of the climate change challenge.

Business ethics, product safety and compliance also appeared in the top ten issues. Meanwhile, the appearance of economic inclusion and sustainable livelihoods reflects the role of agri-businesses on the whole supply chain, particularly within producing regions and in terms of creating systemic solutions to raising productivity in a way that benefits farmers and their communities.

In particular, we followed the concept of double materiality, which considers both the perceived impact of our company on society and environment, along with the risks and opportunities relevant to our business strategy and financial performance. Importantly, our senior management was involved in the process (including directly through interviews) and our company’s leadership reviewed and approved the final version.

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How we engage our stakeholders

We strive to ensure meaningful dialogue with our stakeholders in order to understand and respond to their concerns effectively. We engage with diverse groups through the most appropriate channels, discussing shared challenges and how we can create value. Our teams consulted all our stakeholder groups during our recent materiality assessment. A full table of our partnerships and memberships can be found [here](https://example.com).

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Areas of interest</th>
<th>Engagement method</th>
<th>Examples of interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors and investors</td>
<td>Sustainability strategy, Environmental, social and governance (ESG) performance and risk management</td>
<td>Board meetings, Leadership events, Regular management updates</td>
<td>We provide regular updates to our management on ESG risks and actions to address them, in line with our strategy.</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>ESG performance and risk management, Sustainable financing</td>
<td>Regular bank update meetings, Questionnaires</td>
<td>In 2022, we secured a new $1.6 billion sustainability-linked loan (see <a href="https://example.com">Our five-year sustainability journey and our website</a>). We also partnered with International Finance Cooperation (IFC) to promote gender equality in the soy sector (see [Soybean]).</td>
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<tr>
<td>Customers</td>
<td>Supply chain sustainability, Product quality and safety, Certified sustainable products</td>
<td>Meetings, Questionnaires and response to consultations, Audits and external assessments</td>
<td>We are increasingly focusing on meeting market demand for sustainably sourced commodities with greater supply chain transparency levels, including certified products such as coffee, cotton, biofuels, corn and soybeans (see [Connecting supply and demand responsibly section]).</td>
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<tr>
<td>Suppliers, farmers and cooperatives</td>
<td>Sustainable sourcing requirements, Traceability, Sustainable livelihoods</td>
<td>Meetings, Questionnaires, Audits and external assessments</td>
<td>We require all our suppliers to adhere to rigorous sustainable sourcing standards, regularly monitor their compliance and performance, and partner with them to address supply chain risks and concerns, delivering capacity building, as appropriate, and promoting the economic inclusion of smallholder farmers (see [Respect human rights]). In 2022, we further developed our compliance tools to assess human rights risks among our suppliers (see [Respect human rights]).</td>
</tr>
<tr>
<td>Sector peers and industry associations</td>
<td>Collaboration on shared sustainable agriculture challenges</td>
<td>Meetings, Industry events and workshops, Joint reporting</td>
<td>To achieve sustained progress across our sectors, we collaborate with our peers through forums such as the Softs Commodities Forum and Industry associations like ABioVE and FEFAC (see <a href="https://example.com">Connecting supply and demand responsibly section and our website</a>). In 2022, together with 13 other agri-businesses, we launched the Agriculture Sector Roadmap to 1.5ºC to accelerate action on deforestation in a way that contributes to food security, economic development and farmer livelihoods (see <a href="https://example.com">this link</a>).</td>
</tr>
</tbody>
</table>

### Stakeholder group

<table>
<thead>
<tr>
<th>Areas of interest</th>
<th>Engagement method</th>
<th>Examples of interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Multi-stakeholder initiatives</strong></td>
<td>- Environmental and social issues, Partnerships</td>
<td>We contribute to solutions for systemic change in global agricultural value chains and logistics networks by participating in initiatives such as the Soy Working Group, the Palm Oil Collaboration Group, the Tropical Forest Alliance and the Getting to Zero Coalition (see <a href="https://example.com">Connecting supply and demand responsibly section and our website</a>).</td>
</tr>
<tr>
<td><strong>Policy-makers</strong></td>
<td>- Legal compliance, Supply chain resilience, Food security</td>
<td>We remain attantive to evolving regulation that addresses sector sustainability challenges, risks and opportunities, and support business-led initiatives for progressive policies (see <a href="https://example.com">Connecting supply and demand responsibly section</a>).</td>
</tr>
<tr>
<td><strong>Non-governmental organisations (NGOs) and non-profit groups</strong></td>
<td>- Climate change, Biodiversity conservation, Human and labour rights, Sustainable agriculture</td>
<td>Response to consultations, Collaborations, Meetings, External assessments</td>
</tr>
<tr>
<td><strong>Local communities</strong></td>
<td>- Community health, safety and wellbeing, Education and training, Environmental stewardship, Economic inclusion and sustainable livelihoods</td>
<td>Community impact assessments, Social dialogue events, Community projects, Volunteering</td>
</tr>
<tr>
<td><strong>Employees and trade unions</strong></td>
<td>- Human and labour rights, Employee wellbeing, Diversity, equity and inclusion, Occupational health and safety, Talent development</td>
<td>Internal communication channels, Safety and diversity committees, Employee training, Dialogue with trade unions, Collective agreements, Employee surveys</td>
</tr>
</tbody>
</table>
Meeting Tomorrow’s Demand: Our strategy and targets

We continue to develop our strategy following a comprehensive process, starting with our materiality study (see page 14), which identifies our key areas of focus and the social and environmental topics that matter most to our business and stakeholders. This is where we can make the greatest impact. To achieve our goals, we engage regularly with our key stakeholders (see page 16). Meanwhile, our robust set of sustainability policies provides more specific guidance and commitments on how we are implementing the broader goals and targets of the strategy (see page 75).

Our areas

Connecting supply and demand responsibly

- Translating towards efficient, low-carbon and sustainable supply chain management, innovating to raise agricultural productivity, build climate resilience and promote biodiversity.
  - Economic inclusion and sustainable livelihoods
  - Food security
  - Public policy
  - Supplier engagement and capacity building
  - Non-deforestation and non-conversion
  - Restoration and nature-based solutions

Taking care of our people

- Respecting human and labour rights, providing a safe, healthy and inclusive work environment, helping our employees to fulfill their potential.
  - Diversity, equity and inclusion
  - Employee wellbeing
  - Human and labour rights
  - Occupational health and safety
  - Talent attraction, retention and development

Managing our environmental impact

- Advancing resource efficiency, lowering carbon emissions and creating value from waste.
  - Biodiversity and ecosystems
  - Climate strategy
  - Energy management
  - Soil health
  - Waste management and material efficiency
  - Water management

Building strong communities

- Improving farmer livelihoods and creating a positive impact on people and the environment in the communities where we work and live.
  - Community engagement and corporate citizenship
  - Rights of indigenous peoples and local communities

Upholding standards

- Ensuring the quality and safety of our products, maintaining good corporate governance and compliance.
  - Business ethics
  - Product quality and safety
  - Responsible governance and compliance

Our priority material issues are in bold text.
Our five-year sustainability journey

Here, we explore our progress over the past five years of our sustainability journey, sharing key highlights and developments.

2017

- Merging for growth
  - Grew our company with the merger of COFCO Agri and Nidera.
- Meeting Tomorrow’s Demand
  - Developed our sustainability strategy. Meeting Tomorrow’s Demand, to address the most important issues for our stakeholders and business.

2018

- Sustainability journey, sharing key highlights and developments.
- New sustainable funding
  - Secured a ground-breaking $2.3bn sustainability-linked loan with 27 banks, with intrinsic value linked to sustainability performance and supply chain traceability.
- First Soft Commodities Forum
  - Progress report
  - First Soft Commodities Forum progress report published with key data on any sourcing high conversion risk areas of the Cerrado.

2019

- $2.3bn Sustainability-linked loan secured
- Reporting begins
  - Published our first sustainability report.
- New levels of transparency
  - Published a centralised, anonymous and confidential way to report any concerns, building on existing mechanisms and making it available to all stakeholders.
- New sustainable funding
  - Secured a ground-breaking $2.3bn sustainability-linked loan with 27 banks, with intrinsic value linked to sustainability performance and supply chain traceability.
- First Soft Commodities Forum
  - Progress report
  - First Soft Commodities Forum progress report published with key data on any sourcing high conversion risk areas of the Cerrado.
- Setting priorities
  - Recognising the need to decarbonise the maritime industry, we joined the Sea Cargo Charter.
- Setting priorities
  - Conducted a new materiality assessment to understand the topics most important to our business and stakeholders.
- Setting priorities
  - Partnered with Brazilian coffee farmers.
- Setting priorities
  - Partnered with coffee farmers and consumers to measure and reduce carbon emissions from coffee production in Brazil.

2020

- Bringing a focus on diversity
  - Established our Diversity Committee in Brazil to promote a flourishing, inclusive workplace and strengthen policies and guidelines.
- Producing results
  - Produced 120,000 tonnes of certified sustainable biodiesel in Argentina and Brazil, and reached 27% of our coffee sales volume certified under sustainability schemes.
- Setting goals for water efficiency
  - Set a new target to improve water efficiency by 10% by 2025.
- Setting goals for water efficiency
  - Set a new target to improve water efficiency by 10% by 2025.
- Setting priorities
  - Partnered with coffee farmers and consumers to measure and reduce carbon emissions from coffee production in Brazil.
- Setting priorities
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Our progress

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80 G&A: Towards deforestation-free soy: inspiring sector-wide action
Our 2022 highlights

Managing sustainability
New materiality assessment
Conducted to understand the topics most important to our business and stakeholders.

Connecting supply and demand responsibly
Participated in the launch of the Agriculture Sector Roadmap to 1.5°C.

Managing our environmental impact
611,658 MWh of surplus bioenergy supplied to local power grids in Brazil.
20% Decrease in Scope 1 and 2 GHG emissions compared to 2021.

Taking care of our people
COFCO International Brazil awarded Great Place to Work certification.

Building strong communities
37% Of our total coffee sales volume was certified or verified as sustainable.

Upholding standards
Zero Food or feed safety incidents resulting in fines, penalties or warnings.

Our strategy
Introduction
Our progress

$1.6bn Third sustainability-linked loan secured after successfully completing all our previous targets.

Of our palm oil supply base covered in a new social and environmental risk assessment.

62% Of waste recycled, reused, composted or recovered.

88% Of our assets had zero lost-time incidents.

535,880 Carbon credits generated through sugar production.

89% Of our global energy needs were met by renewable energy.

37% Of our total coffee sales volume was certified or verified as sustainable.

100% Of our greenhouse gas footprint measured and assessed to develop our corporate climate strategy.

22% Decrease in emissions of our time-chartered ships.

100% Of our assets had zero lost-time incidents.

611,658 MWh of surplus bioenergy supplied to local power grids in Brazil.

22% Of waste recycled, reused, composted or recovered.

100% Of our assets had zero lost-time incidents.

89% Of our global energy needs were met by renewable energy.

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22% Of waste recycled, reused, composted or recovered.

100% Of our assets had zero lost-time incidents.
Collaborating with our suppliers, we strive to promote responsible agricultural practices that meet the growing demand for sustainability, while raising social and environmental performance in our supply chains.

We take a risk-based approach to managing our commodities and strive for continuous improvement in the way we operate and raise supplier standards. Overall, we aim for effective and low carbon supply chains, while innovating to raise agricultural productivity, build climate resilience and promote biodiversity. In particular, our Supplier Code of Conduct defines the social, environmental and ethical requirements to which we expect our suppliers to adhere. It underpins all our sustainable and responsible sourcing activities, and is complemented by commodity-specific sourcing policies.

Many rural producers already see sustainability as a business opportunity, and are seeking certifications that help them to improve their practices and livelihoods.*

Fernando Brandt Maira Cotrin
Origination Director Grains and Oilseeds, COFCO International Brazil

Our strategy

Our progress
Connecting supply and demand responsibly

Navigating supply and demand challenges

Our most important sourcing regions are Latin America (for soy and corn) and the Black Sea region (for wheat, barley and sorghum). The challenges we face vary according to country, and include social, environmental and logistical risks. For example, the war in Ukraine has disrupted the supply of grains and oilseeds from Ukraine and Russia, posing a significant challenge in maintaining a good supply of key commodities. To overcome this, we have diversified our sourcing activities, optimised logistics, and implemented robust risk-management strategies. Additionally, in 2022, we also faced logistical issues when drought lead to the drying out of the Danube river, prompting us to redirect more cargo to railway transport.

Deforestation and climate risks

In South America, we are taking action to address deforestation and native vegetation conversion and related climate risks in our supply chains (see Soybean). With an ambition for deforestation-free supply chains in sensitive regions of the continent by 2030, we are taking action to promote sustainable agricultural practices that help to conserve forests and natural habitats and prevent further climate change. This is particularly important in light of the upcoming European Regulation on deforestation-free products, which applies to commodities including soy, palm oil and coffee. Any product containing these commodities, either sold on the EU market or exported from the region must be deforestation and conversion-free after 31 December 2020. The ingredients of each product must be traceable to their origin, have been produced in line with relevant production country legislation, and be covered by a due diligence statement.

With rigorous targets for soy and palm oil traceability (see Soybean and Palm oil), we have already made strides on tracing our commodities back to farm or mill level, and continue to conduct in-depth risk evaluations of strategic sourcing locations. We have also identified climate risks in the commodities markets and regions where we operate, as part of our new climate strategy (see Reducing our carbon footprint and building climate resilience).

Introducing COFCO International’s Responsible Agriculture Standard

In 2022, we launched our COFCO International Responsible Agriculture Standard to support the mainstreaming of agricultural commodities that are produced in line with native vegetation conservation objectives and the principles of sustainability. Respecting international best practice and incorporating FEFAC’s guidelines, it will guide all our efforts to raise sustainability performance worldwide. Importantly, the standard focuses on ensuring legal compliance, respecting human and labour rights, protecting community relations and environmental responsibility, and requires a traceability system to be in place for all the suppliers seeking certification.

Our new Responsible Agriculture Standard will be central to making further progress on preventing deforestation and addressing climate risks in our supply chains, while helping to maintain food security in an evolving geopolitical landscape.*

Maria Gabriela Montenegro
Laboratory & Integrated Management System Manager, COFCO International Argentina

Soybeans are primarily grown for animal feed, providing an efficient form of protein, and are also used to produce biodiesel. COFCO International crushes and processes soybeans, soy meal, soy oil, biodiesel, selling them to global markets. As the world’s population expands, creating a rising demand for meat and animal-derived products, soy production continues to expand. In Latin America, where the majority of soybeans are cultivated, the risk of deforestation and conversion and intensive farming can pose climate, biodiversity and human rights challenges. In particular, Brazil represents 37% of global soy production, with half located in the Cerrado biome, which is now 11% covered by the crop. Across the sector, some 114 million tonnes of CO2eq are estimated to have been emitted between 2013 and 2021 due to soy-related land conversion in this region.

We are committed to achieving deforestation and conversion-free soy supply chains by 2030 in sensitive regions of South America, while also complying with the Green Dial EU zero deforestation legislation and human rights due diligence requirements. And to help make an impact at scale, we are taking collective action to enhance supply chain action, in-line with the UN’s target 1.5°C pathway towards 2050.

Below

Our work on sustainable soy will help to prevent deforestation and reduce carbon emissions.

Towards responsible sourcing

Our Sustainable Soy Sourcing Policy guides our responsible soy sourcing efforts, setting the tone for the standards we require from our suppliers, with individual requirements for Brazil and other countries in South America. We expect all our strategic suppliers to share farm-level information on their agricultural practices, action to conserve natural habitats, and how they promote decent work and respect the rights of both workers and Indigenous people. We continue to implement the findings of our Human Rights Impact Assessment, conducted in partnership with BSR. Our Responsible Agriculture Standard reflects leading sector guidelines defined by the European association of compound feed and premix manufacturers (FEFAC). In particular, we have expanded our focus from deforestation and conversion to encompass multiple topics including legal compliance, responsible working conditions, environmental protection, land rights and community relations. While our policy already covers many of these areas, their inclusion in the standard will help to ensure compliance through on-site audits.

We continue to engage our employees to deliver our ambitions, and as part of our efforts to promote continuous improvement, we have provided structured soy and corn sustainability training to 218 commercial and administrative support employees. We also delivered training to over 100 employees on a new digital platform for monitoring socio-environmental analyses, designed to improve efficiency in internal information-sharing and expand our analytical capacity.

We retain full compliance with the Soy Moratorium and Pará Protocol.

100% Of proposed targets for traceability and socio-environmental analysis met.

218 Commercial and administrative employees received training.
Analysed 1,059 suppliers
Secured RTRS
Launch of Responsible Consolidated Nidera and
In early 2019, COFCO International
We are also partnering with stakeholders to
Conducted our own risk
31
Analysed 1,729 suppliers
All previous loan targets met;
Beyond our own supply chains, we are acting
In Paraguay, we supported
Updated our Soy Sourcing Policy
Implemented an online training
Geo-mapped 2,395,700+
2017
— Analysed 1,059 suppliers (producers and indirect suppliers) in Brazil, over a land area of 962,500+ hectares.
— Created our Sustainable Soy Sourcing Policy for pre-financed suppliers operating in environmentally sensitive regions of Brazil.
— Implemented an online training programme for soy suppliers in Argentina, Brazil and Paraguay (Agricultura Consciente).
955,000 Hectares of soy farms screened in the Amazon and Cerrado.
2018
— Analysed 1,729 suppliers (producers and also indirect suppliers) in Brazil, covering over 1,191,380+ hectares.
— Conducted our own risk analysis of key sourcing areas in the Amazon and Cerrado, working in partnership with experts including The Nature Conservancy and WWF through the Collaboration for Forests and Agriculture (CFA) initiative. Began expanding the scope to Argentina, Paraguay and Uruguay.
— Consolidated Nidera and COFCO International policies and geomapping system.
— In Paraguay, we supported MejorAgro, a continuous improvement programme for 767 smallholder farmers, in collaboration with Solidaridad and Cooperativas Chilenas Unidas.

— In early 2019, COFCO International joined the Soft Commodities Forum (SCF) established by four ABCD companies under the World Business Council for Sustainable Development (WBCSD), along with Viterra.

$2.3bn
Sustainability-linked loan launched with achievable targets for soy, largest of its kind in the commodities sector.
2019
2020
— Launch of Responsible Soy Sourcing Standard and Policy.
— Secured RTRS certification for Rondonioplis soy processing plant.

2021
— Updated our Soy Sourcing Policy and Supplier Code of Conduct with the recommendations of the human rights assessment conducted by BBRI. Policy scope also increased to include all soy and soy products sourced globally, with specific requirements for Brazil and other Southern Cone countries.
— All previous loan targets met; $700m sustainability-linked loan with new sustainability targets.

2022
— Geo-mapped 2,395,700+ hectares.
— 249,159 tonnes of soy for biodiesel sourced through accredited certification schemes including Renovabis and 2BSvs.

$1.6bn
Sustainability-linked loan.

Producing sustainable soy for fuel
As soy production for biodiesel rises in line with market demand for cleaner fuels, we are continuously improving our sourcing practices, focusing on soy produced in line with recognised sustainability certification schemes. For example, in Argentina, Paraguay and Uruguay, we continue to source soy grown respecting the 2BSvs scheme of Biomass and Biofuels sustainability. This promotes the low carbon cultivation of soy and conservation of land valued highly for biodiversity and carbon storage. In 2022, we increased our biodiesel production by 1.8% under this scheme, sourcing 511,222 tonnes of soy.

We also included corn and glycerine within our 2BSvs certification. In Brazil, we sourced 156,136 m³ of Renovabis-certified biodiesel, which is produced in line with high environmental standards, and requires that crops are grown without deforestation or conversion. In this way, we generated 49,300 CBios credits sold on the Brazilian stock exchange (the equivalent of around 18% of our Scope 1 FLAG emissions) to incentivise cleaner transport and encourage further investment in sustainable agricultural practices, a 70% decrease year on year, due to lower biodiesel sales.

Collaborating for progress
Collective roadmap to reduce land use emissions from land use change towards a 1.5°C pathway
To protect the climate and ensure the future supply of commodities, it is vital to reduce emissions, including through preventing further deforestation and land conversion in the Amazon, Cerrado and Gran Chaco and other important natural ecosystems. This will require an unprecedented collective effort, involving business, government and not-for-profit stakeholders. And it is important that this happens in a way that contributes to food security, economic development and farmer livelihoods. In 2021, we joined 12 major agricultural companies at COP26 in making a commitment to take action in our supply chains and reduce deforestation and conversion-related emissions, in line with the 1.5°C pathway. In 2022, we forged a collective roadmap for change, with the aim of identifying scalable solutions that we as businesses can deliver to this challenge.
— By 2025, we aim to have halted deforestation from direct and indirect supply of our soy products in the Amazon, Cerrado and Chaco, and determined how best to protect non-forest ecosystems in compliance with relevant local legislation.
— Beyond our own supply chains, we are acting to help transform soy-producing landscapes by collaborating with multiple stakeholders to mobilise investments and technical partnerships to promote the adoption of sustainable practices and create financial incentives for conservation.
— We are also partnering with stakeholders to ensure best practice and strengthen the enabling environment to help promote the conservation of forests and other natural ecosystems.

The next steps will include developing a shared framework to remove emissions from our respective supply chains, building a robust business case for scaling investment and completing a global assessment of the risk of converting natural ecosystems to soy production.
Empowering women farmers to lead on soy sustainability

Women stand to play an important role in sustainable soy production, yet often have little influence and few opportunities to make farming or business decisions. We are seeking to promote gender equality and increase the role of the 229 women farmers in our Brazilian soy supply chains. As a first step and together with IFC, we aimed to build an in-depth understanding of their challenges as producers and business partners. Interviews were conducted among nine women in the regions of Mato Grosso, Minas Gerais and Bahia. We discovered that a better system is required to help women gain authority when they become farm managers. In addition to greater awareness of the opportunities at farm level, they need access to better training to support their needs. In particular, by building more farming knowledge, they are more empowered to assert independence and make decisions, while also building creditability among stakeholders.

The results of the study will help us define an action plan to better support our women soy suppliers, including by offering dedicated training opportunities in collaboration with SENAR (see Promoting diversity and inclusion and sustainable livelihoods). We will also host events and campaigns to inspire women to get involved in soy production and support programmes that provide women with essential practical and financial services. We can also improve the way we communicate with women farmers and monitor their progress, while responding to their transport and childcare needs. In this way, we aim to empower women to lead on sustainability and innovation in our value chain.

Partnering to protect the Cerrado’s biodiversity

We continued our partnership with Abiove in the Matopiba region to achieve a more traceable and sustainable soy supply chain. We are working to increase soy production and support programmes that provide women with essential practical and financial services. We can also improve the way we communicate with women farmers and monitor their progress, while responding to their transport and childcare needs. In this way, we aim to empower women to lead on sustainability and innovation in our value chain.

Our progress

Connecting supply and demand responsibly

Together, we are conducting social and environmental assessments, and promote the adoption of sustainable practices among suppliers. In 2022, we built on the in-depth view we gained over 85% of our directly sourced soy in the region by extending the programme to 50 farms in the state of Tocantins, which hosts COFCO International’s only warehouse in the region. In addition to sustainability analysis, we sought to promote capacity building among 23 producers, together with government services, research institutes, NGOs and farmer associations, while also improving working conditions and livelihoods. To date, we have reached 120 farmers and farm workers in ten municipalities, while also verifying that 13,250 hectares of land produce soybeans sustainably. We will continue to expand our effort while reducing risks and responding to market demand for responsible soy, helping to conserve this area of vital national importance.

Raising standards through the Soft Commodities Forum

For the fourth year, we participated in the Soft Commodities Forum, convened by the World Business Council for Sustainable Development. Together with five other major agricultural businesses, we are striving to lower and eliminate native vegetation conversion in our Cerrado soy supply chains, and develop scalable solutions for sustainable soy. Having achieved 100% traceability to farm in 61 focus municipalities for direct purchases, in 2022, we collectively engaged with nine indirect suppliers to improve monitoring and raise performance. We also completed social and environmental risk screening in supply farms. Now, we are working with 14 priority indirect suppliers, including resellers, cooperatives and third-party warehouses, understanding their capacity for implementing traceability and monitoring systems and co-developing action plans for progress. Importantly, all members will use a shared process to conduct third-party verification of the traceability of the soy we source from these suppliers, helping to ensure that we can compare and better advance progress.

We aim to reach a total of 20 indirect suppliers while creating and monitoring structured action plans, providing information and obtaining external verification of their percentage of sustainable soy. We will also maintain farm-level traceability of direct suppliers in the 61 municipalities. Read more about this in our B2B progress reports.

We have also helped to create the Farmer First Cluster (FFC) initiative, which will seek to incentivise farmers to adopt sustainable practices over three years by offering practical, financial solutions based on local challenges. Operating initially in four territories and led by a group of experienced producers and partners, all services will seek to promote sustainable production, protect nature and improve livelihoods. These will include compensation for legal reserve surplus, funding for the restoration of degraded areas, integration of livestock, expansion of pastures, technical assistance and affordable loans with environmental targets. The project will continue to scale as we gain new partners.

Engaging with suppliers

To further encourage continuous improvement among our goals and oilseeds suppliers in Brazil, our ‘Meu Portal COFCO’ (My COFCO Portal) continued to act as an important source of information on business, product quality and sustainability topics. Suppliers can also use the platform to request that their farms undergo social and environmental assessments.

Looking ahead

We will continue strengthen our efforts to increase soy production in a sustainable way, analysing social and environmental risks and monitoring supplier performance. In particular, we will deepen our engagement with third parties, farmers and the wider sector, and strive to create nature-based solutions that could help us to achieve our commitments. We will maintain our focus on keeping the farmer at the centre of all our efforts, and seek financial incentives that could enable us to better implement lasting solutions.

Understanding the challenges of palm oil production

Historically, our major producer countries have faced biodiversity and environmental degradation risks, including the conversion of high conservation value areas and high carbon stocks forests, as well as burning and peatland exploitation. Deforestation is gradually slowing, due to corporate, multi-stakeholder and governmental efforts, yet there is still progress to be made. Meanwhile, protecting the human rights of people working on or living near oil palm plantations remains important. In 2022, we operated in a turbulent market, with Indonesia temporarily banning palm oil exports, causing a spike in prices. Our refinery overcame the disruption by exchanging palm oil for soybean-derived oils as a production feedstock. The upcoming rigorous EU deforestation free legislation may generate further uncertainty as producer countries consider whether existing systems can meet its stringent requirements.

Palm oil is a versatile commodity with a growing global demand. Used in many products, including food, cosmetics and biodiesel, it is more efficient to grow per hectare than other vegetable oils, and therefore can be sustainable if cultivated responsibly. We are fully invested in advancing this journey and helping improve the sector’s considerable social and environmental impacts.

COFCO International purchases crude palm oil and palm olein – largely sourced from Indonesia and Malaysia – to be processed at our RSPO-certified refinery in Kandla, India, and sold domestically. Our suppliers are primarily international agribusinesses and refiners with whom we have established relationships, along with local suppliers in India. Our refinery meets the criteria for processing certified products through the RSPO’s Mass Balance supply chain model. We do not operate any oil palm plantations or mills, and we have no direct relationships with these actors.

COFCO International’s sustainable palm oil 2022-23 goals

- Achieve and maintain full traceability to mill level for our global palm oil sourcing.
- Regular review of key supply base environmental and social risks.
- All direct suppliers with whom we have a regular business relationship assessed for deforestation, no palm and no exploitation (NDPE) policies and implementation plans by 2023.
- Adopt and implement the NDPE Implementation Reporting Framework (IRF).
- All grievances received through our formal channels are monitored and under resolution process.
As a stakeholder distanced from plantation-level production, we are working to improve our visibility over the journey of palm oil. In particular, we are analyzing the risks associated with each stage of the chain and continuing to drive towards greater traceability levels to ensure that our sourced volumes are produced responsibly. In this way, we can drive change and promote supply chain transparency.

**Towards full traceability**

To develop a full view of the risks along our palm oil supply chain, we require our suppliers to provide information regarding the journey of each shipment from the mill to our production facility. This includes the address, geo-coordinates, names and parent company names of mills and certification status (if applicable). We check for known social and environmental risks in these areas and use this information as a basis for helping higher risk suppliers to improve their practices.

Overall, we traced 70% of volumes to mill level, down from 87% in 2021, as a result of broadening our supply base. For volumes sourced from strategic suppliers, we achieved full traceability-to-mill, while working closely with smaller suppliers (such as local companies in India) to improve traceability levels. We remain committed to sharing our supplying mills list through our website. This is verified by independent auditors annually.

**Collectively tackling emissions from land use change**

As part of our work to help accelerate and scale supply chain action to reduce emissions from land use change, we are participating in the COP27 roadmap (see box opposite). For palm oil, there is a focus on adhering to NDPE commitments deforestation and peatland development cut-off dates as adopted pre-2020, particularly in Indonesia and Malaysia. There will also be a concerted effort to support smallholders and stand-alone mills to achieve progress and comply with the MRPS and ISPO standards. Solutions (including access to finance) must therefore address the broader challenges of helping smallholders to build resilience and improve their livelihoods by raising productivity more sustainably. Each company will work in the area where it has the best coverage and opportunity to influence change, while all will support efforts to engage with governments to help further drive sector transformation.

Our work focuses on engaging with our suppliers to drive progress further up the chain. In particular, we are promoting the implementation of the NDPE IRF as the key mechanism to verify that our palm oil volumes are derived from mills that are delivering on the industry’s NDPE commitments. We will also work with our peers to establish the MRPS and ISPO initiatives as standards within the industry and encourage producer country governments to accelerate their impact by adopting these frameworks as legal requirements for forest protection.

**Managing grievances effectively**

We continue to review, analyse and act on any suspected cases of non-compliance with our sourcing expectations and NDPE commitments through our dedicated Palm Oil Grievance Procedure. We monitor and address any concerns regarding groups owning oil palm plantations, mills or refineries that directly or indirectly supply palm oil to COFCO International. Grievances can be reported online, by email or phone. We engage with relevant suppliers to develop appropriate solutions and improve their practices (see Good governance and compliance for 2022 concerns reported). We also proactively screen and other cases involving potential non-compliance with our NDPE expectations, treating these as grievances and following the same comprehensive process of supplier engagement.

**Looking ahead**

We will continue to strive for greater traceability in our supply chain and work with the sector on advancing sustainable production and sourcing practices.
Connecting supply and demand responsibly

Sugarcane

Sugar is a highly popular food and drink ingredient, and its by-product ethanol can also be used for biofuels and bioenergy. Sourcing sugarcane largely from São Paulo State, Brazil, COFCO International manages around 180,000 hectares of plantations and owns four sugar mills and one transport fleet. We also source sugar from South and Southeast Asia. In addition, we produce energy and ethanol (biofuel).

For the sugarcane we produce, we have an important opportunity to influence and improve agricultural and mill practices, improving our impact on the climate and environment. In particular, we are seeking to reduce the water use of sugarcane production, which can require significant amounts of water. We also address the emissions related to farming and improve biodiversity conservation around our plantations. We are also increasingly focusing on understanding social and labour rights risks under all sugarcane suppliers, auditing third parties, and ensuring the health and safety of workers. We also help to expand access to skills among our local communities (see Sustainable livelihoods).

Lowering the emissions of sugar production

As part of our climate strategy, we have measured the carbon footprint of our sugarcane operations and are focusing in particular on addressing mill emissions. This starts with taking action to improve our energy use.

At farm level, we are promoting crop rotation with soybeans to help add nitrogen to the soil and promote soil health, with the area of land cultivated with other crops doubling from the previous crop to this 2021/22 crop season, with plans for further expansion. The produce is sold internally to our own grains and oilseeds division, providing an additional source of revenue. We also furthered our research into new technologies to enhance soil biodiversity and carbon cycling through organic matter, and continued to apply vinasse and enrich compost to fertilise the soil (lowering our use of nitrogen-based fertilisers). To minimise crop waste during sugarcane harvesting, our harvesters are guided by GPS systems.

In particular, as part of our efforts to improve resource efficiency and reduce waste, we are implementing a project at our Agricultural Operations Management Centre to reduce diesel consumption significantly. Through this project, we quantified the idleness level of machines in operation (such as harvesters, tractors and tractors), calculating fuel consumption and related costs. In this way, we developed an action plan to optimise the operation and effective shutdown of relevant equipment, and will continue to expand the scope of the project to further reduce our sugarcane emissions. In addition, the same centre has consolidated a fleet of transport routes to optimise fuel consumption by the 90 chartered buses performing this service. In this way, we reduced around 1.2 million kilometres of travel, while reducing costs by 5.3%.

We also have opportunities to lower our carbon footprint by generating carbon credits (creating financial value from our business). Our mills have Efficient Biofuel Production Certification that entitles them to issue and sell CBios (decarbonisation credits) within the RenovaBio Programme framework. In 2022, around 539,880 CBios were generated, an increase of 2.4% compared to the previous year, resulting in a gross revenue of nearly US$ 10.5m.

Raising awareness of fire safety

Our sugar operations EHS team also focuses on raising the awareness of fire safety among multiple stakeholders. They provide information on firefighting through informative materials tailored to the target audience. This includes employees and their families, municipal schools, NGOs, sugarcane suppliers and partners. In 2022, we ran campaigns with children in 15 partner institutions.

Conserving biodiversity

We continued our efforts to conserve natural ecosystems around our plantations, with almost 130 hectares of reforested area recognised by the São Paulo State Coordination Body for Inspection and Biodiversity as having reached self-sufficiency (after several years of monitoring). We also planted 132,140 seedlings of native trees, and monitored flora and fauna around all our sugar mills, covering an area of 1,960 hectares.

Promoting water efficiency and quality

We now have three vinasse concentrators operating in Potirendaba, Cotaituba and Sebastiãoópolis sugar mills to help improve our water efficiency and help prevent water scarcity. Water from the process is reused in our industrial operations and applied to our sugarcane fields. We also have an efficient treatment station at Potirendaba to promote water reuse, and participate in river basin committees to help ensure we are aware of local water resources fairly. These and other efforts have led us to obtaining 69 new environmental licences from the authorities in 2022.

Looking ahead

In 2023, new wastewater treatment plants will go into operation at Cotaituba and Sebastiãoópolis mills, while we will also renew our efforts to conserve water and promote biodiversity, in dialogue with relevant stakeholders.

Coffee

Coffee is one of the most widely consumed drinks and among the most traded commodities globally. Demand is growing along with increased consumption in developing countries and strong interest in novelty coffees in developed countries. As a coffee merchant, we buy raw (green) coffee from local suppliers and process it according to our customers’ quality requirements, before selling to roasters in domestic and global markets. We primarily source coffee from Brazil, Vietnam, Indonesia and Colombia. However, farmers in these countries face multiple climate, environmental and social challenges in growing coffee.

In 2022, the coffee supply chain was still under pressure from the impacts of the pandemic, together with territorial conflicts and continued climate-related challenges, resulting in a general supply deficit and restrictions. In Brazil, where we sourced the majority of our coffee, the hardest frosts in 30 years led to low yields. Vietnam’s Robusta production was also limited due to competition with other crops such as black pepper and durian fruit, and extreme rainfall. Colombia’s production was also impacted by a combination of unfavourable weather caused by the La Niña phenomenon and labour shortages.

To help create a sustainable future for coffee, improve farmer livelihoods and protect coffee workers’ rights, we are increasingly sourcing coffee produced through respected sustainability certification schemes. This is important in maintaining availability while meeting growing customer demand for responsibly grown, climate-friendly products and staying ahead of evolving legislation (such as the European regulation on deforestation-free supply chains). Our participation in these programmes allows us to support farmers in adopting better practices and building climate resilience. In 2022, 37% of our total coffee sales volume was certified or verified as sustainable, compared to 28% in 2021. This includes coffee produced under the following certification schemes: 4C, C.A.F.E. Practices, FAZ and RFA.

Introduction

Our strategy

Our progress

37%

Of total coffee sales certified or verified as sustainable.
Collaborating to preserve water in the Cerrado

We maintained our support of the Cerrado Waters Consortium (CWC), a collective platform of companies, government and civil society acting to implement strategies to support the development of ecosystem services to achieve a productive, climate-resilient system in this ecologically important region. In addition to providing and raising sustainable funding, we also share technical advice and engage with stakeholders. In 2022, CWC expanded the first pilot project from the Patrocínio and the Serra do Salitre regions to include the Comandante mountain range. Some 103 farms are now participating, up from 73 the previous year. Each farm is supported in developing climate-friendly agricultural practices and improving their management of water resources. The initiative will continue to expand its reach and engage with other sectors to further strengthen their ability to implement regenerative agriculture practices.

In Brazil, we supported 911 smallholder farmers through sustainability certification programmes. These represent an estimated production volume of 3,986 tonnes of coffee. In Brazil, we expanded our participation in certification schemes including 4C, RAIC and RFA, and supported and implemented climate smart and sustainability projects.

Lowering the climate impact of coffee production

To measure and reduce the carbon emissions associated with coffee, we continue to develop an in-depth understanding of our coffee footprint at farm level, where we stand to make the greatest impact. This helps to inform farmer capacity building efforts whereby farmers learn about minimising synthetic fertiliser use and the importance of conserving soil and biodiversity, further strengthening their ability to implement regenerative agriculture practices. In the environmentally sensitive and highly productive Cerrado Mineiro region, COFCO International is partnering with sustainable farming expert Produzindo Certo to help farmers understand social and environmental risks and reduce emissions.

Looking ahead

In 2023, we will implement our Coffee Responsible Origins Programme, through which we will work with our suppliers and partners to develop and expand sustainability and climate resilience projects. Projects will focus on traceability, human rights and gender equality, new technologies and sustainable practices, and reducing emissions through regenerative agriculture. This forms part of our broader efforts to strengthen the sector and achieve climate resilient coffee production.

To continuously improve our sustainable coffee sourcing, we innovate to establish new collaborative partnerships and projects, partnering with our main stakeholders. Through every initiative, we seek to create social, economic and environmental impact, focusing on benefits for farmers, workers and their communities. COFCO International joining the Global Coffee Platform (GCP) initially in Brazil in 2022 and evolving our coffee sustainability strategy with our new supplier development programme were significant steps towards fulfilling this commitment.”

Daniel Motta
Responsible Sourcing Manager, Coffee, COFCO International
Maritime shipping plays a major part in global trade, transporting around 90% of cargos. Despite being the most carbon efficient of mainstream transport modes, it is responsible for about 2.2% of global greenhouse gas emissions. Significantly reducing shipping emissions by 2050 is vital to preventing further global warming as trade expands to support the world’s growing population. Together with our peers and in line with the International Maritime Organization’s (IMO) ambitions, we are committed to accelerating this journey. We are also supporting IMO’s goal to reduce the intensity of emissions by 70% to achieve this transition, we are optimising ship speeds and routes, and implementing energy efficiency measures to continuously improve our energy use and efficiency.

We continue to support collective action to advocate for progressive policies and promote the development and adoption of economically viable, cleaner fuels at scale. The industry, including COFCO International, has already successfully adopted a 0.5% limit for sulphur in fuel oil to promote better air quality, with our entire fleet running on low-sulphur fuel.

In 2022, a new IMO regulation mandated the measuring and reporting of energy efficiency and carbon intensity data for ships from 2023, an action we have already begun implementing. Additionally, the European Union (EU) included maritime transport in its Emission Trading System, further encouraging the reduction of shipping emissions. In particular, ships above 5,000 gross tonnage in the EU will be required to participate in emissions trading for their CO₂ emissions from 2024. Meanwhile, the upcoming FuelEU Maritime regulation aims to increase the use of sustainable fuels through a rigorous Sulphur Emission Control Area.

In 2022, we handled 51 million tonnes of sea cargo, including freight solutions for our own needs and time-chartered ships, creating a benchmark to promote better air quality, with our entire fleet running on low-sulphur fuel.

Inside the fleet operated by COFCO International

We operate a fleet of vessels, primarily for the dry bulk shipping of agricultural commodities from regions such as South America to international markets, largely in Asia. As an agile operator with an extensive network and advanced monitoring capabilities, we direct our efforts to the vessels over which we have operational control: optimising routes, speed and fuel efficiency, verifying Energy Efficiency Existing Ship Index (EEXI) and monitoring our period fleet. We also continued to uphold the rights and wellbeing of crew members. In 2022, in the face of ongoing transport restrictions related to the pandemic and disruption related to the war in Ukraine, we handled 51 million tonnes of sea cargo, including freight solutions for our own needs and third parties, down slightly from 55 million in 2021. Our emissions for time-chartered ships in 2022 decreased to 1,858,229 tonnes of CO₂eq from 2,342,692 tonnes of CO₂eq in 2021, reflecting the decrease in activity and the effect of our efforts.

Five-year progress in sustainable shipping

- Prepared foundations for this journey by deviating a system to track carbon emissions from our time-chartered ships.
- Invested in exhaust cleaning systems on our existing vessels and trialed ultra-low sulphur marine fuel solutions to prepare for the upcoming IMO sulphur limits.
- Began tracking the global footprint of all our time-chartered ships, creating a benchmark to monitor improvements over time.
- Deployed efficiency measures including speed control and artificial intelligence to predict vessel positions and optimise operational and fuel efficiency.
- Switched our entire fleet from conventional marine fuel to low-sulphur fuel.
- Became a signatory to the new Sea Cargo Charter, a Global Maritime Forum-led, cross-industry commitment to adopt a consistent, shared way of reporting.
- Measured our emissions from ship chartering activities and reported our alignment score under the Sea Cargo Charter framework.
- Safeguarded human rights of seafarers negatively impacted by the Covid-19 pandemic.
- Commissioned a study to better understand the performance and viability of the latest alternative fuels.
- Successfully measured and disclosed our alignment with decarbonisation trajectory, as set by the Sea Cargo Charter.
- Began voyage optimisation efforts, expecting to bring 5-6% reduction of carbon emissions from maritime shipping in 2023.
- As part of our company-wide climate risk assessment, analysed the risk from coastal flooding and/or sea level rise to our freight operations in key operational countries.

A collaborative journey to low-carbon shipping

As members of the Sea Cargo Charter and Getting to Zero Coalition (which now includes 176 members), we continued to support industry decarbonisation efforts in 2022. As a signatory of the Charter, we reported the climate impact of our ship chartering activities, in relation to the IMO’s 2050 GHG target. Our 2022 score was 9.9% compared to -3.3% in 2021. Although our score increased, we remain committed to improving our carbon intensity in line with the agreed decarbonisation pathway. In 2022, we have also deepened our understanding of the vessel sizes requiring further carbon reduction efforts, and improved the collection of fuel emissions reports for chartered vessels. Our monitoring will contribute to greater transparency and comparability within the sector, and complements our efforts to improve the overall understanding of greenhouse gas emissions for our freight operations (see Reducing our carbon footprint and building climate resilience). The Coalition reinforced the need for action in 2022 with a new report outlining its progress and setting out the key challenges and solutions for achieving zero emissions.

Looking ahead

In 2023, we will ensure we comply with the evolving regulatory landscape, while optimising the monitoring of our carbon emissions, identifying innovative ways to improve our footprint, and collaborating across our industry to help achieve shipping decarbonisation.
Collaborating for impact in agricultural commodity supply chains

Recognising the importance of reducing carbon emissions linked to deforestation in order to limit global warming to 1.5°C, 14 major agri-businesses, including COFCO International, came together at COP26 to commit to taking action in their supply chains (see Soybean and Palm Oil). Here, Jack Hurd, Executive Director of the Tropical Forest Alliance at the World Economic Forum, explains how the roadmap, launched at COP27 as a result of this commitment, will guide the companies’ shared journey to driving change at scale.

Why is the Agriculture Sector Roadmap to 1.5°C important?

Agriculture is often less visible when it comes to climate action than other sectors, yet together with forestry and other land uses, it contributes around 23% of global human-caused greenhouse gas emissions. A large part of these emissions is linked to deforestation and the conversion of other natural landscapes. Focusing on soy, cattle and palm oil in an integrated way, we are encouraging the involved businesses to accelerate action to eliminate deforestation and conversion in their supply chains. These players have a real opportunity, as major food commodity players, to influence their suppliers and other stakeholders in their supply chains. In particular, we need to develop a new, nature-positive model of production for the 21st century, creating enough food for a growing global population and improving farmer livelihoods, while helping to keep global warming within a 1.5°C pathway.

What is the overall aim of the roadmap and how can the TFA catalyse progress?

The collective ambition of the roadmap signatories for soy is to eliminate related deforestation by 2035 in the Amazon, Cerrado and Chaco. They also aim to protect non-forest ecosystems in line with relevant local legislation. This process will start with a multi-stakeholder risk assessment in 2023 which will inform efforts to develop stronger policies. Clearly defining how to protect important landscapes such as savannah or peatland is fundamental within this work. Within this palm oil sector, signatories have been making good progress on their commitments, but there is room for improvement especially in the ‘last-mile transformation’, and we expect signatories to be delivering further results within the next three years. We aim to support these companies connecting entire sectors for greater impact and scalable action, helping to accelerate progress on their commitments in a robust, measurable way.

Our strategy

Why and how should companies such as COFCO International take action?

Society traditionally viewed that the best way to use nature was to convert it to agriculture, but times have changed. We know that we must leave a considerable part of the landscape intact to ensure a healthy climate and provide vital ecosystem services. As a roadmap signatory, COFCO International can deliver on its climate and nature commitments and build on progress to date by strengthening plans within its supply chains to prevent deforestation and conversion, disclosing results within recognised frameworks, and making continuous improvement within implementation plans.

Collaboration is the only way to achieve real change for commodity production. We are helping to engage stakeholders and foster collaborations across stakeholder groups. We’re working to bring donor country governments to the table to finance the scaling of solutions as these governments can play an important role by creating the parameters for an enabling environment and level playing field in the producer countries. Governments across the value chains should be central to developing a new model of rural and economic development. This will require a significant amount of cooperation and leadership at a national and regional level. We want to see businesses, financial institutions and policymakers working together, with civil society, towards shared solutions based on science. For example, in the case of eliminating conversion of forest and non-forest ecosystems, there need to be mechanisms that provide incentives for the producers to protect these ecosystems, even where they are not legally required to do so. These multistakeholder collaborations can help address this issue.

What is the importance of collaboration, and what’s the role of governments?

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What’s next and how do you see the roadmap evolving?

Companies are expected to set science-based emission reduction targets linked to land use by 2034. We expect companies to publish commodity-specific, time-bound implementation plans, including targets for conversion of important non-forest ecosystems such as Brazil’s Cerrado. Companies must integrate these targets into their operations and compensation mechanisms, while staying ahead on transparency by monitoring and disclosing their results.

Beyond this, we expect businesses to make the roadmap goals a reality and be in a position to share results at Climate Week in New York alongside the UN General Assembly and at the UN Climate Change Convention, COP28, in the United Arab Emirates. Overall, we must ensure that we keep pushing the ambition of companies, governments and financial institutions further, so that we are sufficiently in line with the scale of the food, nature and climate challenge.
Taking care of our people

We create a diverse and inclusive workplace where our employees can flourish. Keeping our people safe, upholding human rights and offering high quality, equal opportunities represent our first priorities.

Investing in our most valuable resource

We value our people highly and make their health and safety our first priority. Importantly, we seek to create a flourishing workplace where every individual can thrive and deliver the performance we need to succeed. Upholding high standards, operating robust policies and pursuing continuous improvement is fundamental to making this a reality, while respecting human rights, both within our business and across our supply chains.

To help ensure a safe working environment, we provide regular training for employees and contractors, accompanied by rigorous targets, monitoring and procedures. We strive to attract and retain the best talent, providing inclusive, varied and equal employment and learning opportunities. Our leaders take responsibility for enabling their teams to fulfil their potential and optimising their professional development journey.

Consistent standards worldwide

Our Code of Conduct sets the tone for the standards of behaviour and ethics we require from all our employees, contractors and business partners. Based on the UN Global Compact’s ten principles of human and labour rights, it is respected throughout our business, creating a consistent approach worldwide. We strive to ensure that employees in each region are aware of their rights and how we expect them to behave, including through local handbooks that serve as a reference guide for employees for their professional life at COFCO International, covering everything from local office rules and national regulations to employee benefits.

UN Sustainable Development Goals

IFC Performance Standards

Investing in our most valuable resource

Talent and growth

Respecting human rights

Keeping our employees safe

Promoting diversity and inclusion

Diversity perspectives

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Investing in our most valuable resource

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Talent and growth

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Respecting human rights

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Keeping our employees safe

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Promoting diversity and inclusion

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Diversity perspectives
Talent and growth

We are committed to ensuring that our diverse, talented people have access to the best possible learning and development opportunities. By providing high quality training and support in a positive, inclusive workplace, we encourage every individual to flourish, while also delivering the performance we need to thrive as a sustainable business. We take an integrated, holistic approach to recruiting and retaining talent, overseeing the employee’s journey from new recruit to professional development and promotion. Importantly, we seek to attract people who both share our values and offer relevant skills and expertise. Within our work to build relationships with local communities, we are helping people, including women, young people and underprivileged groups to develop the skills they need to meet our workforce needs and more broadly to work in agriculture (see Sustainable Livelihoods).

Promoting continuous learning and development

Our efforts to provide outstanding opportunities for personal and professional development are guided by our Training and Development Policy. This combines our needs for highly skilled employees with the latest training to create a diverse range of courses, from leadership skills to mandatory environmental, health and safety training for asset employees (see Keeping our employees safe).

We empower our employees through our Learning Management System for online training and funding for courses on advanced agricultural technologies. We ensure that all employees are kept apprised of learning opportunities through monthly newsletters. We seek to attract people who both share our values and offer relevant skills and expertise. Within our work to build relationships with local communities, we are helping people, including women, young people and underprivileged groups to develop the skills they need to meet our workforce needs and more broadly to work in agriculture (see Sustainable Livelihoods).

22,896

Hours of training of employees.

Overall, the total amount of training undertaken among office employees (22,896 hours) in 2022 decreased by 9% compared to the previous year, partly due to broader factors such as the war in Ukraine and the return to office working. Mandatory training totalled at least 6,275 hours, with more in-person training taking place informally (See Keeping our employees safe) for training for asset employees. We evaluate our employees’ performance annually, recognising and rewarding their progress towards agreed goals, while also helping to identify opportunities for further development. We offer dedicated in-person support to all our employees, while corporate employees also have access to a digital performance management platform to help monitor their learning journey. New joiners are also able to use a sophisticated onboarding solution to integrate effectively within the company, both promoting good wellbeing while enabling managers to monitor progress.

Encouraging up and coming talent

To ensure we are equipping tomorrow’s leaders with the skills they need to flourish, we invite up and coming talent to join our Commercial Graduate Programme. In 2022, we welcomed the second cohort of graduates (four women and nine men) from ten countries, expanding our reach from the original four countries. Participants took part in 77 hours of educational activities in 2022, including virtual workshops and monthly business lectures, while also receiving in-person coaching. Importantly, they have the opportunity to gain practical experience by leading projects with the potential to create value for our business, monitored by senior professionals. The cohort is due to graduate in 2023. For more information on our Commercial Graduate Programme, please visit our website.

Looking ahead

We will continue to improve the way we attract and retain talent, with a focus on shared values, while strengthening our learning and development offering to ensure we are providing our people with the best opportunities to thrive in a positive culture. Overall, we will seek to equip our employees with the skills and knowledge they need to flourish and achieve our sustainability goals.
Respecting human rights

Addressing our human rights risks

We are committed to continuously improving our understanding of the human rights risks in our operations and supply chains, in order to prevent or address any negative impacts for the people who contribute to our products. However, as an agri-business generally far removed from field-level activities, we are not always able to gain full visibility over working conditions further upstream our supply chain, particularly among farmers and farm workers. Building on the in-depth human rights impact assessment of our operations and supply chains undertaken with not-for-profit organisation BSR in 2020, we continued to address opportunities for improvement by implementing action plan and embedding human rights considerations in our policies, processes and daily work, including through our warehouse questionnaire.

Beyond our employees and suppliers, our efforts extend to the communities where we operate. We are investing in promoting sustainable livelihoods to improve quality of life and economic prospects (see Building strong communities).

Promoting human rights in our supply chains

Within key commodities such as soy and palm oil, we have been active in finding new ways to uphold human rights. In Indonesia and Malaysia, with the support of Pestech, we conducted a risk assessment in 12 jurisdictions comprising 88% of COFCO International’s supply base, identifying the areas with the highest risks of child and forced labour, health and safety issues and land rights disputes. This will enable targeted engagement with priority suppliers (see Palm Oil). Within our soy sourcing activities, we have launched a project with FCI, as a first step to empower women farmers and promote gender equality (see Soybean). Finally, we have also introduced a sustainability standard for responsible agriculture that respects international best practices and incorporates FIPAC’s guidelines. It is aligned to the highest international standards on human rights and requires farmers to respect the rights of their workers and local communities, implement sustainable agriculture practices and safeguard the environment.

The health and safety of our employees and contractors is paramount to our business and one of our major priorities. As part of our company culture, we make sure employees work in safe environments while striving to minimise risks, continuously monitor, analyse and improve our Occupational Health and Safety (OHS) management practices and foster a sense of responsibility for safety in the workplace.

Empowering employees to act on health and safety

We encourage employees to take a proactive role in identifying health and safety risks. We upgraded our formal ‘Eyes on Risk’ programme at all sites (with accompanying digital and non-digital tools) through which risks and concerns can be directly reported by employees. To foster participation, in some sites we deliver awards to employees for their contribution (for example in Argentina, Romania, India, South Africa and Ukraine). In 2022, for the first time, we delivered the inaugural CEO Safety Individual Award, recognising the special contribution of the EHS Management at our Kanda edirne in India towards the site’s remarkable safety performance.

Our OHS performance

Overall, our Occupational Health and Safety (OHS) performance in 2022 has remained stable and was as follows.

<table>
<thead>
<tr>
<th>Target</th>
<th>Achieved</th>
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<tbody>
<tr>
<td>Zero employee and contractor fatalities</td>
<td>—</td>
</tr>
<tr>
<td>Safety Index for employees and contractors ≤1.5</td>
<td>—</td>
</tr>
<tr>
<td>2% employee work time dedicated to EHS training</td>
<td>— 1.3% in 2022 compared to 1.4% in 2021.</td>
</tr>
<tr>
<td>1.5% contractor work time dedicated to EHS training</td>
<td>— 1.4% in 2022 compared to 1.7% in 2021.</td>
</tr>
</tbody>
</table>

70% of our employees were covered by bargaining agreements.

Looking ahead

We will continue working on strengthening our human rights management system by improving and ensuring consistency between internal systems and processes, addressing potential risks, and exploring partnership opportunities with external stakeholders.
In 2022, we observed a 13% decrease in the number of fatality/incident cases across our assets and there were no significant cases of property damage that affected operational processes.

Our 2022 health and safety data is externally verified annually.

**Taking action to raise performance**

In addition to our internal safety programmes, all large sites have regular campaigns, basic training (such as fire and first aid safety), celebratory events and other activities to raise awareness of workplace safety. At our Brazilian sugar mills, we hold daily health and safety dialogues and run communications campaigns, including our Safety COFCO Campaign, to foster discussion among employees and contractors. We also implemented a ‘Safety Tour’ programme across all departments to ensure widespread awareness of safety in the workplace and ran a hand protection campaign to target hand-related accidents. Within our Brazil sugar mills and oilseeds operations, we launched an EHS quarterly challenge whereby employees were invited to analyse situations of worker or machinery movements with high collision or injury risk.

In Kandla, our refinery continues to have regular toolbox talks, with all departments able to cover various topics, including safety aspects, at the start of each shift. We celebrated National Safety Week in March with activities including employees taking a safety pledge, a practical demonstration of personal protective equipment, a competition where employees and families created safety videos and drawings and a quiz competition, mass toolbox talk, and training on multiple topics (such as safe driving and plant internal logistics).

We held safety training on confined spaces in a mobile simulator in Argentina and used a grain entrapment rescue simulator at our USA port to replicate real life conditions. In Romania, we delivered a safety awareness campaign with posters and messages.

**Promoting health and wellbeing**

Beyond occupational safety, in addition to periodic medical exams and screening (legally required in most countries), we held multiple efforts targeting employees’ health and wellbeing. In 2022, we continued to hold vaccination campaigns for Covid-19 and in some sites, influenza for our asset employees (Brazil, South Africa, Ukraine, Kazakhstan) and ensured access to masks and hand sanitiser. As the pandemic began to ease, non-asset employees required in most countries, we held multiple campaigns (for Covid-19 and in some site locations). For example, we held lectures on heat strokes in Argentina and breast cancer in Brazil, Argentina and South Africa. In addition, we covered other health topics among our Brazilian employees on smoking-related risks, healthy eating, hearing health, STDs, and risks related to alcohol and drug consumption, together with dengue prevention measures in some assets. To encourage healthy lifestyles, we offered gym access and stretching exercises, and a wellness programme with regular physical activity in the workplace in Colombia.

**Our lost-time injury rate dropped for employees (0.27 in 2022 vs 0.30 in 2021 – 10% reduction) and increased slightly for contractors (0.27 in 2022 vs 0.26 in 2021 – 7% increase). This reflects an overall lower number of injuries with a loss of work hours.**

**Safety Index**: (Medical Aid frequency rate/7.5) + (Total lost-time frequency rate) + (Severity Rate/5).

**Safety Index**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>4.7</td>
<td>4.2</td>
<td>2.4</td>
<td>1.6</td>
<td>1.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Contractors</td>
<td>4.7</td>
<td>4.2</td>
<td>2.4</td>
<td>1.6</td>
<td>1.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>

**Lost-time injury frequency rate**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>0.48</td>
<td>0.39</td>
<td>0.37</td>
<td>0.36</td>
<td>0.30</td>
<td>0.27</td>
</tr>
<tr>
<td>Contractors</td>
<td>0.48</td>
<td>0.39</td>
<td>0.37</td>
<td>0.36</td>
<td>0.30</td>
<td>0.27</td>
</tr>
</tbody>
</table>

**Notes**

- 200,000 represents the number of hours of 100 employees working 40 hours per week, 50 weeks per year and provides the standard base for calculating incidence rates. (100*40*50=200,000).
- Safety Index (Medical Aid frequency rate/7.5) + Total lost-time frequency rate + Severity Rate/5.

**Our lost-time injury frequency rate declined for employees (0.27 in 2022 vs 0.30 in 2021 – 10% increase) and increased slightly for contractors (0.27 in 2022 vs 0.26 in 2021 – 7% increase).**

Our people

Taking care of our people

COFCO International

Sustainability Report 2022
As a global business, we are proud to employ people from 37 countries. We prioritise creating a diverse, inclusive workplace both to enable our 11,651 employees to flourish and drive creativity, innovation and performance in our business. As we strive to become an employer of choice, we continuously seek to improve the way we attract and maintain talent, employing people who share our values while bringing their own unique personalities and backgrounds. All our employees must respect our Sunshine Culture, which encourages positivity and promotes inclusion in everything we do (see Investing in our most valuable resource) and Code of Conduct, displaying respect, tolerance and good ethics. We further encourage diversity through our Equal Opportunities Policy, which defines our approach to treating all employees fairly and with dignity, in line with the ILO’s Decent Work Conventions.

In particular, understanding that agricultural businesses tend to attract a high number of male employees, we are focusing on increasing the participation of women. We also seek to prioritise minority groups and people from underprivileged backgrounds or who have disabilities.

In 2022, we continued to evolve our diversity and inclusion journey, focusing initially on Brazil, where more than 60% of our employees are based. Our Diversity Committee (Diversity, Inclusion and Transformation) oversees our efforts, prioritising six diversity issues that are most relevant to our business and reflect the realities of Brazilian society. We therefore operate affinity groups promoting discussion and exploring solutions for issues surrounding gender, age, sexual orientation, people with disabilities, collaboration and better understanding between operational employees and corporate employees, and ethnicity, culture and religion. Our committee comprises a steering group of directors and an operational working group and meets regularly to discuss progress on our policies and guidelines. We built on efforts to empower our leaders and train our employees by seeking our employees’ views on these topics through our Great Place to Work survey (see Talent and growth).

Overall, the percentage of female employees increased slightly from 17.2% in 2021 to 17.3% in 2022, while the level of women in commercial roles rose from 18.6% to 19.2%. Within our administrative and corporate functions, the proportion of men to women is 55% male to 45% female.

Empowering women to thrive in Brazilian agriculture
We are taking steps to support more women in rural Brazil in gaining access to agriculture. For example, we partnered with IPE, as a first step to empower more women in the soybean supply chain by identifying gender challenges and opportunities for progress (see Sao Paulo). Through a partnership with SENAR and the rural union, we repeated and support training courses every year that enable more women to build agricultural skills and raise their employability prospects (see Sustainable livelihoods). On International Women’s Day, we also invited the founder of the As Valutas Institute, an organisation supporting underprivileged girls and women, to speak of her work and the fight for gender equality.

Promoting tolerance and understanding
To support Black Consciousness Month, we invited employees to meditate talks with external speakers on racial diversity in the labour market, reinforcing our expectations for equality and respect in the workplace. And to raise awareness of working and living with a disability, we invited speakers to encourage employees to think about the needs and experiences of their colleagues with disabilities, including by demonstrating daily challenges.

Looking ahead
We aim to expand the activities and structure of our Diversity Committee with more structured activities, while also sharing best practices across all regions to further integrate diversity and inclusion considerations within our decision-making and daily work.

Diversity perspectives

Promoting diversity in the workplace has a positive impact in our organisational success. I have seen diverse teams come up with far better solutions than teams of similar employees.”

Sharon Kacsits
HR Director, North America

Given South Africa’s history, we ensure that we celebrate and highlight the importance of diversity and inclusion, including through employee and community events. All our leaders have also signed a pledge to help eliminate gender-based violence in society.”

Michael Swapaneol
Head of HR, Sub Saharan Africa

A diverse workforce brings the best ideas for business and success. That’s why we make decisions based on merit, while also promoting diversity and inclusion among our employees, with a particular focus on commercial roles.”

Varagi Shammugam
HR Director, AFRIC

Embracing and celebrating the diversity of backgrounds in our workforce improves the quality of knowledge exchange and fosters creative ways to approach challenges as a team. As a result, it simply favours the team’s efficiency and deliverables.”

Jean-Marc Robert
HR Director, EBSC and HQ

While we have placed a greater focus on diversity, equality and inclusion in recent years, there is still room for improvement. Diverse teams foster better employee engagement and productivity, and allow for improved problem-solving capabilities. Increasingly, there is an understanding in our sector that difference generates value.”

João Castro
HR Director, Brazil & Colombia Softs

We are attracting and promoting more women to our positions in assets and commercial job requisitions, and continue to explore opportunities for more people with disabilities. In 2023, we will also seek to integrate disabled workers from external providers in services supporting our business needs.”

Juan Carlos de Artigallia
HR Director, Southern Cone

Diversity and inclusion promote more innovative, collaborative environments, while also making the company more attractive and visible in the market. Our leaders understand the importance of hiring people from minority groups and promoting tolerance.”

Mateus Sampaio
HR Director, Brazil Grains and Oilsseeds

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Managing our environmental impact

We continuously improve our environmental footprint, taking a strategic approach to reducing our climate impact, accelerating the transition to clean energy, optimising our water use and managing waste responsibly.

Managing our environmental footprint is fundamental to growing our business in a way that helps to minimise our impact on the climate and preserve biodiversity, while conserving natural resources. With sustainability one of our core values, we are harnessing our agility and innovative capacity to systematically improve our impacts on the environment. In particular, we take a risk-based approach to developing targeted action, focussing on the areas where we stand to make the greatest improvement: our industrial facilities and sugarcane plantations.

We seek to optimise energy, water and material efficiency, promote responsible chemical use and waste management, prevent pollution and reduce greenhouse gas (GHG) emissions. We also take a robust approach to managing impacts at plantation level, primarily in terms of biodiversity, ecosystems and soil health (please see Sugarcane). Importantly, we strive to ensure that our employees play a central role in driving progress.

Our Environmental Policy guides our efforts to improve the sustainable management of natural resources. This is supported by environmental protection guidelines, procedures for identifying hazards, assessing risk and determining controls, and safety guidelines for contractors, which include requirements related to environmental protection. As part of our Environment, Health and Safety management system, we conduct regular internal EHS audits at all our global facilities in order to identify opportunities for improvement and implement corrective actions. Our standard internal audit is based on the ISO14001 standard and World Bank EHS Guidelines. We monitor legislative changes to further ensure legal and regulatory compliance. In addition, our facilities are audited externally, in line with ISO14001 and implement corrective actions.

We monitor environmental performance for all assets owned or operated by our business in a centralised platform, and undergo an annual external audit to ensure high quality, consistency and accuracy. These include our industrial operations (crushing facilities and refineries), storage facilities (including silos and warehouses), port terminals and transhipment units (see We are COFCO International). Our global and regional EHS teams lead our progress and report to the Global Head of Asset Management.

In addition, we take environmental criteria (including climate-related impacts and risks) into consideration in major investments, including capital expenditure, acquisitions and disposals. In 2022, we reviewed our internal investment approval policy to respect group policy. Meanwhile, we continued to invest in measures to improve the efficiency of our operations, with allocated capital expenditure growing by 5% year on year.

Looking ahead

We will continue to reinforce our efforts to maintain strong environmental management standards to guide our climate and resource efficiency performance, in particular through strengthening the way we manage risks and opportunities.

At an operational level, it is important to identify opportunities to reduce consumption of energy, water, biomass and other material resources, and address waste generation. Energy and resource efficiency go hand-in-hand with financial efficiency, so improved environmental management enables us to strive towards greater corporate responsibility while delivering business value.”

Derik Stabile
Head of Processes for Global Asset Management, COFCO International

Above
Responsible management of natural resources is imperative to our performance.
The food and agricultural sector stands to make an important contribution to food security and improve farmer livelihoods, while protecting the future of our business. To further reduce emissions, COFCO International has publicly committed to achieving a deforestation and conversion-free soy supply chain by 2030 in sensitive regions of Latin America (see Agriculture Sector Roadmap). Importantly, we are developing our global climate strategy with consultants at South Pole (see Climate strategy). To develop our climate strategy, we undertook a cross-functional workshop and survey in Latin America, and through a comprehensive process of dialogue with stakeholders, we selected 32 risks for an in-depth study. We have analysed our exposure to both 2030 and 2050 and under two different scenarios: global warming of 1.5°C and 4°C above pre-industrial levels respectively. We will build on this by setting climate targets and a roadmap.

Understanding the key vulnerabilities in our supply chain helps us to develop contingency plans to address potential disruption caused by negative weather events, invest in technology and collaborate with farmers and other industry players to improve the overall resilience of our supply chains.

Climate change is leading to significant volatility from a pricing, operational, planning and strategic perspective. As the impact to these areas comes together, there’s a large degree of uncertainty created. It’s of utmost importance to determine how best to build resilience against these uncertainties.”

Khaja Qureshi
Chief Risk Officer, COFCO International

<table>
<thead>
<tr>
<th>Category</th>
<th>Type</th>
<th>Hazard</th>
<th>Physical impact</th>
<th>Financial impact</th>
<th>Cumulative risk rating</th>
<th>Methodology</th>
<th>Management response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>Risk</td>
<td>Drought</td>
<td>Transport disruption due to low river levels</td>
<td>Increased operating costs</td>
<td><img src="Image" alt="" /></td>
<td>Low</td>
<td>To assess how various negative weather events could affect the production of agricultural commodities, we considered the key sourcing country regions for the commodities that represent the largest share of our operational portfolio. We performed a combination of climate modelling and a scientific literature overview, according to the risk indicators and geography.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Negative impact on the crop quality and yields</td>
<td>Increased commodity prices, supply chain disruption</td>
<td><img src="Image" alt="" /></td>
<td>Moderate</td>
<td>Understanding the key vulnerabilities in our supply chain helps us to develop contingency plans to address potential disruption caused by negative weather events, invest in technology and collaborate with farmers and other industry players to improve the overall resilience of our supply chains.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frost and Freezing</td>
<td></td>
<td></td>
<td><img src="Image" alt="" /></td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Heavy rainfall</td>
<td></td>
<td></td>
<td><img src="Image" alt="" /></td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extreme temperatures</td>
<td></td>
<td></td>
<td><img src="Image" alt="" /></td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wildfires</td>
<td></td>
<td></td>
<td><img src="Image" alt="" /></td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tropical</td>
<td>Damage to assets and operations</td>
<td>Increased capital or operating costs, supply chain disruption</td>
<td></td>
<td><img src="Image" alt="" /></td>
<td>Very High</td>
<td>The risk to some of our operations posed by tropical cyclones could represent a challenge in the future. Equipped with this knowledge, we will continue to conduct regular risk assessments and follow risk protocols in a case of disruption. A comprehensive global risk management strategy helps us to monitor and address this risk and minimise financial exposure.</td>
</tr>
<tr>
<td></td>
<td>cyclones</td>
<td></td>
<td></td>
<td></td>
<td><img src="Image" alt="" /></td>
<td>Uncertain</td>
<td>Even if the risk is identified as low or uncertain, we will continue monitoring it in order to ensure that we are prepared to take action, should the risk status change.</td>
</tr>
</tbody>
</table>

The food and agricultural sector stands to make a significant contribution to food security and improve farmer livelihoods, while protecting the future of our business.
**1.5°C – aligned scenario**

Risk/opportunity rating:  ⬤ Low, ⬤ Moderated, ⬤ High, ⬤ Very High, ⬤ Uncertain

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</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>Opportunity</td>
<td>Transition to low-carbon technology</td>
<td>Transition to more efficient, lower-carbon technology at the processing facilities</td>
<td>Increased capital costs, reduced operating costs</td>
<td>⬤</td>
<td>⬤</td>
<td>We considered the outlook for growth of energy efficient and low-carbon technology in selected locations, and compared it with the technologies currently applied at our industrial facilities. We are well positioned to benefit from energy efficient and low carbon heat generators, as the market grows. We will continue investing in more efficient energy sources within our operations.</td>
</tr>
</tbody>
</table>

| Reputation | Risk | Negative investor perception | Negative financial positioning (lower rankings) | Increased cost of capital | ⬤ | ⬤ | We reviewed public commitments and key investors strategies to understand their stance on climate protection. With investment commitments to reach net-zero emissions on the risk, our climate strategy will remain ambitious and comprehensive. We are setting climate targets and developing a detailed roadmap. |

| Negative stakeholder perception | Loss of competitiveness | Reduced revenues | ⬤ | ⬤ | We conducted research on the social and environmental impacts of the key commodity cultivation in the most important locations. The food and agriculture sector contributes 23% of human-derived GHG emissions, a large part of which is attributed to deforestation. Therefore, significant reputational risks exist for any company operating in the sector. We remain committed to our goal of deforestation and conversion-free supply chains in sensitive regions of Latin America. |

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</tr>
</thead>
<tbody>
<tr>
<td>Policy/Legal</td>
<td>Opportunity</td>
<td>Bioenergy policy</td>
<td>Increased subsidies on bioenergy production</td>
<td>Increased revenues</td>
<td>⬤</td>
<td>⬤</td>
<td>We analysed the legal and political landscape in key producer and consumer countries to understand the key trends and assess our exposure.</td>
</tr>
</tbody>
</table>

| Risk | Land use policy | Restriction of agricultural land use in key biomes | Reduced revenues, Increased operating costs | ⬤ | ⬤ | Global policies addressing climate change have been evolving, as countries around the world recognise the urgent need to reduce greenhouse gas emissions and mitigate the impacts of climate change. We monitor all relevant policy and legal developments that may affect our operations and prepare our response in advance to ensure compliance. |

| National net-zero policies | Global net zero | Increased operating or capital costs | ⬤ | ⬤ |

| Traceability requirements | Additional administration requirements | Increased operating or capital costs | ⬤ | ⬤ |

| Carbon pricing in South America | Emission-related restrictions and penalties | Increased operating costs | ⬤ | ⬤ |

| EU ETS expansion | IMO ship decarbonisation | Strict IMO requirements on ship carbon efficiency | ⬤ | ⬤ |
Measuring our Scope 1 and 2 GHG emissions

To measure our Scope 1 and 2 emissions, we followed the GHG Protocol Corporate Standard, as well as the Forest, Land and Agriculture (FLAG) Science Based Target Setting Guidance to divide our emissions between FLAG and non-FLAG categories. Our scope for direct emissions covered 210 sites over which we have operational control, including industrial assets, warehouses, port terminals and offices, and 11,651 employees. Overall, our Scope 1 and 2 emissions accounted for 2,449,921 tonnes of CO₂eq, demonstrating a 20% decline compared to the previous year. Our biogenic emissions made up 3,118,037 tonnes of CO₂eq, remaining at a similar level to 2021.

The majority (89%) of Scope 1 and 2 emissions are classified as non-FLAG emissions, of which 90% derive from mobile combustion, which can largely be attributed to the fuel consumption of COFCO International’s operated vessels. Among other important findings, within our operations, we identified that 90% of our global energy needs are met by renewable energy, and due to the use of biofuels, such as bagasse and sunflower husks, stationary combustion is only 7% of our total Scope 1 and 2 emissions.

Measures to promote energy efficiency and reduce emissions

Among the actions taken to achieve greater energy efficiency and reduce our carbon emissions, at our Standerton site, we invested in Energy Recovery System improvements with a view to reducing steam consumption per tonne of processed product by 26%. And at our Constanta port in Romania, we purchased smaller electric carriers to reduce diesel emissions and improve human resource efficiency. Similarly, at our Timbues crushing plant, we invested in improving our extraction steam trap systems. Elsewhere in South America, we explored transitioning to low-carbon technologies (from biomass and natural gas) to lower the energy used in heat generation for crop processing and reduce costs.

At the same time, at multiple sites, we continued to replace conventional lighting with LEDs to reduce electricity consumption across industrial assets in Argentina and India. Meanwhile, 100% of purchased electricity for our headquarters and our Bucharest office was derived from renewable sources. We also took dedicated measures to reduce energy within our sugarcane operations (see Sugarcane).

Understanding our Scope 3 emissions

We followed the GHG Protocol Corporate Value Chain (Scope 3) to measure our Scope 3 emissions, as well as the Forest, Land and Agriculture (FLAG) Science Based Target Setting Guidance. With fuller visibility over our indirect emissions, we have confirmed that Scope 3 emissions represent the majority (95%) of our GHG footprint. Of these, 88% are emissions from purchased agricultural commodities, primarily from soybean sourcing. Emissions are largely driven by land-use change, such as deforestation and forest degradation. Therefore, engaging with our suppliers and investing in targeted reduction strategies for agricultural production presents our greatest decarbonisation opportunity. For example, we are renewing our efforts to reduce emissions within our soybean supply chain. We will also continue to expand our sustainable sourcing practices and collaborate with different players across our supply chain to promote policies and initiatives that support the transition to a low carbon economy (see Soybean).

With purchased goods and services representing our largest emissions category (90%), the second largest source of emissions is transportation and distribution, representing 6.6% of the total. To address this, we are taking collective action with the maritime industry, particularly through the Sea Cargo Charter initiative and Getting to Zero Coalition, sharing the IMO commitment to at least halve the emissions from shipping by 2050 (see Freight). The third largest source of Scope 3 emissions is end-of-life treatment of sold products (1.3%).

Looking ahead

We are setting targets in line with the latest climate science, as we move towards reducing emissions in line with a 1.5°C pathway. We will also develop plans to address the climate-related risks and opportunities identified in our assessment to ensure that we are adapting to potential future climate realities and continue to thrive as a business.
We strive to manage energy and resources responsibly, as part of our commitment to improve the sustainability of our operations, leveraging the latest technology, innovation and best practice. All our actions are guided and underpinned by our Environmental Policy, which also helps to ensure compliance with local and national laws. In addition to promoting energy efficiency and clean energy, we strive to optimise our use of fresh water, engage in stakeholder dialogue and share our progress to promote water quality and manage wastewater effectively, reusing it where possible in our operations. We also have strict policies on waste management.

**Promoting renewable energy and optimising efficiency**

We continue to innovate to lower our use of energy, increase energy efficiency and grow our use of renewable energy, while reducing operating costs. In 2022, our total energy consumption increased from 49.9 to 50.9 million GJ (+8.4%). This was due to a rise in energy (+13.7%) needed to process a larger volume of sugarcane for sugar production, with a small increase also arising from newer estimates of diesel consumption in our South African farming operations. To further address our sugar energy use, in Brazil, we took action to reduce diesel consumption (see Sugarcane).

Overall, the energy intensity of our industrial operations increased by 5.1% in 2022. In addition to the above, this change was drive by a production stoppage at our Marulip plant in Ukraine due to conflict in the region, where energy continued to be consumed despite the production halt, leading to an unusually high energy intensity for this site. To a lesser extent, the installation of pollution-avoidance equipment in multiple assets also contributed. We consumed less energy and experienced lower energy efficiency at our plants and mills operations due to a decrease in production.

In 2022, 89% of our global energy needs were met by renewable energy, returning to pre-2020 levels. This was primarily due to the 13.7% increase in absolute energy consumption at our sugar operations. While our sugar assets use a variety of energy sources, including diesel, we have been working to reduce our dependence on fossil fuels, especially in regions where renewable energy is abundant. For example, in Brazil, we have installed solar panels at several of our sugar mills to harness the vast amount of solar energy available.

In 2022, 89% of our global energy needs were met by renewable energy, returning to pre-2020 levels. This was primarily due to the 13.7% increase in absolute energy consumption at our sugar operations. While our sugar assets use a variety of energy sources, including diesel, we have been working to reduce our dependence on fossil fuels, especially in regions where renewable energy is abundant. For example, in Brazil, we have installed solar panels at several of our sugar mills to harness the vast amount of solar energy available.

Meanwhile, we implemented a procedure to promote the responsible sourcing of biomass fuel (wood used to generate thermal energy at our Brazil plants and mills) and warehouses. We continued to buy 100% renewable electricity for these warehouses, and installed a system to automate furnace loading in two of them, optimising the rate at which wood chips are consumed for product drying. In Rondonópolis, we invested in a system to recover flash steam from the boiler, raising thermal energy.

**Managing water resources responsively**

To improve our use of water resources, we firstly seek to understand the risks we face within our business. Building on the insights gained from our 2020 water risk assessment, in 2022, we further expanded water-related issues as we prepared our climate strategy. In order to develop more targeted action, firstly, we found that water shortages and drought in our major sourcing countries of Argentina, Brazil and South Africa could lead to future supply chain disruptions for soy, sugarcane, corn and wheat crops. Additionally, low river levels in the US could potentially result in an increased reliance on rail rather than more efficient maritime transport. Only 1% of our water use takes place in areas with extreme water stress risks (see Kandla refinery in India, which is also our best performing factory on water intensity). Overall, our Kandla and Marulip sites represent the highest level of risk, while our four sugar mills in Brazil and our Rondonópolis and Standerton sites also present diverse physical, ecological and reputational risks.

We withdrew 13,234,708 m³ of water in 2022, compared to 11,458,861 m³ in the previous year. This 15.7% increase was primarily driven by our growing sugarcane production and processing (responsible for 74% of total water withdrawal vs 66% in 2021), which continues to form the largest part of our water footprint within our industrial operations. The majority of water withdrawn for industrial use continues to come from surface water bodies (89%).

We are still working to reduce our industrial water intensity by 10% by 2025 compared to 2019. However, in 2022, the water intensity of our industrial facilities increased by 13% year-over-year largely due to the sugarcane harvest season lasting longer, leading to greater irrigation needs. Another contributor was that one of our main suppliers experienced some issues leading to abnormally high water consumption. We expect to make positive progress over the next years, as we began to experience learning from recent investments in water reuse technology (see below).

Some 78% of our discharged water was used for the irrigation of agricultural land, an increase of 71% in the previous year. Water discharge per production output increased at a faster rate than water discharged (+112%).

**Innovating to optimise our water use**

We continued to implement various water efficiency and quality measures. This includes in India, where we installed an blowers at our Kandla refinery’s effluent treatment plant to increase the efficient functioning of the aeration tank (leading to better quality treated water). Additionally, our zero liquid discharge plant went into operation and is expected to bring gradual improvements in this site’s water efficiency.

At our Rondonópolis crushing plant, we finalised the construction of a new drainage system to ensure better rainwater drainage. We operate three vinasse concentrators at our Poitivânia, Estiva and Sebastiãoópolis sugar mills. Vinasse (a by-product of ethanol production) is used to fertilise our sugarcane fields, while the resulting wastewater from the process is used for irrigation purposes. Our Meridiano mills wastewater treatment plant remained active (with further investment being made to improve its efficiency). In 2023, we will activate wastewater treatment plants at Catunduva and Sebastiãoópolis, with a plant expected to be constructed at Poitivânia in 2024. Meanwhile, in Sabocanda, we provided training to employees on the treatment of industrial effluents and the correct use of storm drains.

**Making the best use of materials**

We strive to continuously improve our management of waste, with 62% of all waste recycled, reused, composted or recovered in 2022, compared to 53% in the previous year. This was partly due to the implementation of a zero waste to landfill programmes at our Rondonópolis crushing plant and Santos port terminals, and the reuse of product losses at our Marulip plant in Ukraine (due to conflict in the region), the combination of which redirected 12,135 tonnes of non-hazardous waste. We performed an annual waste inventory across our Brazilian plants and mills assets and reported on potentially polluting activities, in line with environmental legislation. In general, we expanded waste management across small warehouses, prioritised environmentally responsible treatment and disposal, and reused by products (sunflower husk, soybean hulls) to generate energy on site.

We largely observe waste generation within our industrial operations and sugarcane production. The total amount of hazardous waste increased from 1,271 to 1,731 tonnes (+36%) due to the production increase in our sugar operations, accounting for an additional 160 tonnes. At our Kandla refinery, we also discharged higher quantities of sludge from wastewater treatment that had been temporarily in storage, representing a further 260 tonnes sent to landfill. In South Africa, we experienced 74 tonnes of hazardous waste in 2022. The intensity of hazardous waste rose from 0.027 to 0.057 kg per tonne of production (+37%) due to the same drivers.

Our generation of non-hazardous waste also increased from 33,947 to 48,144 tonnes (+42%), with corresponding waste intensity rising from 0.715 to 1.021 kg per tonne of production (+39%). This was largely due to expanded waste monitoring at our port terminals, together with our Ukraine’s product losses at our Marulip plant in Ukraine. We also saw a decline in efficiency with decreasing grains and oilseed processing. Conversely, the sugar production increase led to greater efficiencies of scale, reducing non-hazardous waste generation.

To address the waste generated at our sugar mills, we continued to roll out our standard Waste Management Procedure in order to standardise the signaling and waste collectors, improve the segregation of solid waste, reduce the generation of hazardous waste, and reduce costs from final disposal.

We also delivered training at multiple sites, including training for drivers on correct waste disposal at our Santos port, waste oil storage and waste management in Standerton, together with a waste compliance assessment.

Our Kandla refinery continued to collect plastic waste from nearby villages as part of its extended producer responsibility programme. Recyclable plastics are sent for recycling, while multi-layered, non-recyclable plastics are sent to co-processing units for conversion to energy.

**Promoting environmental stewardship among employees**

We collaborated Environment Week across some of our Brazil and Argentina assets with clean-up activities. We also held 30+ free planting activities in and around site premises (in Argentina, Brazil and Ukraine). In Brazil, we celebrated our second Responsible Consumption Week (coinciding with the National Responsible Consumption Day). We invited employees to participate in a competition of ideas to promote responsible consumption in their daily lives.

**Looking ahead**

We will continue to invest and drive for greater operational, energy, water and material efficiency, while empowering our employees to advance our efforts.

**Promoting energy and resource efficiency**
Managing our environmental impact

Exploring the importance of developing a climate strategy

As COFCO International develops a holistic carbon strategy to address climate change and build climate resilience in its business, Franziska Sinner, Director of South Pole Global Consulting Services, explores why this is an important step forward for COFCO International and how South Pole has helped evolve its strategy to measure greenhouse gas emissions, understand climate-related risks and develop targeted activities.

Why should companies such as COFCO International build a strong climate strategy? The pivotal role played by the agricultural sector in the climate crisis cannot be overstated. While it is a major contributor to greenhouse gas emissions, the sector offers significant potential to present solutions, such as harnessing nature to remove carbon from the atmosphere in the form of soil carbon sequestration or agroforestry. As a key player in the market moving 127 million tonnes of agri-commodities each year, COFCO International stands to make a real difference within its value chain.

Importantly, with agriculture being particularly vulnerable and susceptible to climate change, having a strong climate strategy based on a comprehensive understanding of risks will help build climate resilience, while promoting overall food security.

Why and how is South Pole partnering with COFCO International? We want to deliver true climate impact for all – and supporting COFCO International to build a climate-resilient business and a food-secure future is exactly what is needed in the transition towards a climate-smart society.

Our partnership consists of three elements:

1. Avoiding and reducing emissions – We helped to measure COFCO International’s climate impact in the form of a greenhouse gas (GHG) footprint across its value chain, including its sugar plantations, maritime vessels and all its assets, together with its commodity sourcing activities (from field to transport).

2. Setting targets and developing a transition plan – We worked closely with COFCO International to set science-based emission targets, create a climate roadmap and identify hotspots and determine tangible actions to reduce impact.

3. Finally, we helped COFCO International to understand its climate-related risks and opportunities, so the company can continue to evolve and adapt its climate action.

Please explain the importance of a holistic climate strategy.

This allows a company to make climate-smart decisions and accelerate its business transformation, based on all consequential environmental impacts. For example, shifting a sourcing region for sugar could lead to lower GHG emissions. However, we must also account for potential water stress in the new region, and the impact on biodiversity and farmer livelihoods. A holistic climate strategy integrates these considerations within the wider business strategy, so it can act as a critical lever for growth and help future-proof strategic decisions.

Talk us through measuring GHG emissions.

Measuring GHG emissions works as a collective indicator. From business travel to land use change, we helped to clarify every point of impact that COFCO International may have on the climate. Measuring these accurately gives the company an understanding of its footprint and informs strategic investment to avoid and reduce impacts. The company could alter its procurement strategy for a better outcome, for example, rather than simply sourcing renewable energy.

Why is it important to understand climate-related risks and opportunities?

Understanding this allows COFCO International to plan and adapt to current or future climate and its effects. Exploring and integrating climate scenario analysis into its core decision-making is foundational to increasing its overall climate resilience. This is particularly important when relying on natural resources, which can be highly vulnerable to climate variation. The team could consider, for example – how will drought affect our sugar production in ten years? Or, where can we best source soybeans 25 years from today? This becomes a critical step in helping to future-proof operations and inform future business strategy effectively.

How has South Pole experienced working with COFCO International as a partner?

The COFCO International team is dedicated to addressing climate change, and has the ambition and competence to execute the company’s climate strategy. In addition to delivering high quality data – vital for precise GHG calculations – the team clarified complex supply chains and worked to identify and reduce emission sources, such as the treatment of chemical residues on farms. We are pleased to be supporting COFCO International on its journey towards a successful transformation.
Supporting sustainable development in local communities

We recognise our responsibility to contribute positively to the communities where we operate. Understanding the inter-dependent nature of the relationship between COFCO International and local communities helps to improve quality of life and strengthen our business. To achieve this, we help to build capacity and employability skills, improve wellbeing and promote environmental stewardship. This in turn reinforces our licence to operate and helps to ensure the availability of talented, qualified people to work in our company and within the agricultural sector.

We therefore maintain an ongoing dialogue with local stakeholders in all our locations where we create significant social, environmental and economic impacts. Conducting social dialogue and assessing risks is also an important part of constructing of acquiring new sites. We manage our efforts through our Stakeholder Engagement Policy. Harnessing the information and views by listening to our stakeholders directly informs our community-investment programmes, reinforcing our social licence to operate while highlighting local priorities, and enabling us to address any aspects of our operations that may be unintentionally affecting people or the environment. This forms part of our broader work to engage with all relevant stakeholders (such as local government, industry associations, policy-makers, NGOs and trade unions) (see How we engage our stakeholders).

We also invited our employees’ perspectives on how the project will impact their lives and that of the local communities. We have also been actively engaging with the communities surrounding our operations and within the agricultural sector.

Target 1
Maintain ongoing social dialogue at all high community impact operations

We engaged in social dialogue, in particular at our sugar mills in Brazil, and industrial facilities in Argentina and South Africa. For example, in 2022, we returned to engaging with local stakeholders in person, presenting our business to the local community, identifying their needs, analysing risks and establishing a shared understanding. We held three events in locations where three of our four Brazilian sugar mills are based (Mandirico, Sabaudandópolis and Catanduva), strengthening our understanding surrounding the need to expand education and employability skills for young people. In Argentina, we conducted dialogue in locations where our industrial facilities are based, including with local authorities, worker syndicates, education institutions and chambers of commerce. Elsewhere, in South Africa, we took part in Standerton’s monthly Community Forum discussions, partnering with other businesses to address issues that impact the local community.

Target 2
Conduct environmental and social impact assessment prior to all new site construction and acquisition

We were awarded a 25-year concession for a new agriculture solid bulk terminal, which will be one of the largest in the Port of Santos in Brazil, once it goes into operation. We are committed to engaging with local communities from the outset, in order to fulfill our significant responsibility that accompanies a project of this nature. We are committed to taking environmental and social impacts into consideration as we move forward, in discussion with all relevant stakeholders. In 2022, we visited the operations at the Port of Santos and toured the port area to understand the key considerations surrounding the upcoming installation of new structures, particularly as it relates to the neighbouring heritage location. We also invited our employees’ perspectives on how the project will impact their communities, and liaised with local NGOs to help ensure the protection of more than 15,000 port workers. In 2023, we will develop a communications strategy to help raise awareness of the social, environmental and economic benefits of the program.

Similarly, we expanded our storage footprint in Romania with three additional silos going into operation in 2022, conducting environmental due diligence in advance and ensuring legal compliance.
The rural communities in our operating and sourcing countries largely depend on agriculture for their livelihoods. Smallholder farmers, in particular, contribute significantly to the world’s food supply and their regions’ economies, yet they often lack access to the tools, knowledge and finance to improve their productivity and profit sustainably. Urban migration among young people is leaving further gaps in agricultural skills, while many people may not have access to the education they need to find employment opportunities in farming. This is challenging for a major agricultural commodity producer with a need for highly skilled workers. We have an opportunity and a responsibility to provide local people with the knowledge they need to thrive, while also attracting talented employees. And with market demand for sustainably produced commodities growing, supporting farmers through education and capacity building is integral to their future. Respecting the rights local communities, smallholders and indigenous peoples is part of our responsibility as a major agricultural business, and central to our licence to operate. Our Responsible Land Acquisition and Leasing Policy helps to ensure that we act responsibly at a local level, with particular reference to stakeholders’ rights to use land and natural resources in production areas. We ensure that these commitments remain central to our Supplier Code of Conduct and commodity-specific sourcing policies.

Supporting livelihoods and promoting sustainable agriculture in our communities

To help communities build sustainable livelihoods and create the stability and resilience we need in our supply chains, we partner with stakeholders including government agencies, farming co-operatives and civil society organisations to deliver and support dedicated educational programmes. In 2022, we continued investing in capacity building in Brazil, one of our key sourcing countries, with training courses for around 250 people, and contributed further to projects in South Africa and India. These investments and projects enable the many people depend on agriculture for a living to expand their skills and improve their prospects.

Building resilience in the soy biodiesel supply chain

To support smallholder soy farmers in Brazil, we source a portion of our biodiesel from cooperatives taking part in the Social Fuel Stamp programme. Organised by the Brazilian Ministry of Agriculture, Livestock and Supply, this offers agri-businesses an incentive for purchasing soy from organisations that promote fair prices and provide training for smallholders to produce oilseeds in a safe and sustainable way. COFCO International purchased 204,000 tonnes of soybeans from 41 cooperatives in 2022, a decrease in volume compared to 2021 due to market changes, benefiting more than 45,000 smallholders, a double of 14% year-on-year.

Expanding mustard farmers’ access to market in India

In Gurugram, India, COFCO International is supporting efforts to help smallholder mustard farmers adopt sustainable mustard growing practices in order to improve their productivity, market access and income. Together with our partner End Poverty, we are helping to form groups of farmers in around 20 villages to attend training, while also establishing a centralised way to source inputs, saving costs, and sell produce in bulk, enabling farmers to deal with larger companies. This has enabled some 730 farmers to sell 20-22% more than they could previously sell individually.

Supporting rural farmers in South Africa

Similarly, in Mupumanga, South Africa, we provided funding to the Buhle Farmers Academy in order to promote capacity building for smallholders, who receive classroom lessons and practical field level training and advice that they can share on their own farms and within their communities. The COFCO International team plans to build on this project in 2023 by developing a longer term relationship with an NGO to provide further support to farmers and help enable market access.

204,000
Tonnes of soybean purchased from smallholder farmers in Brazil.

730
Farmers supported in India in partnership with End Poverty.

Building the capacity of young people and under-represented groups

We are committed to helping diverse people in our communities gain the professional qualifications they need to find employment, improving their livelihoods while ensuring we can find more qualified people for our business. For example, we are helping to empower the future generations of farmers in Brazil through the ‘Young Farmer of the Future’ programme. In partnership with the country’s National Rural Service (SENRRI), this initiative delivers training to young people aged 14 to 17, preparing them for a future career in the field of agriculture. Participation in the programme has steadily grown, and in 2022, we helped to train 148 people, a significant increase from 43 in 2020. In addition, 120 people (largely women) took part in community courses near our sugar mills, covering technical expertise such as operation and maintenance of tractors and other vehicles.

In Mpuumlanga, South Africa, we are offering 30 day agricultural internships with not-for-profit organisation Nubiotic to help five young people in the local Standerton community near our processing plant. Covering a broad range of skills, the internship provides them with insights into paraculture farming, crop processing, chicken and hydroponic farming, offering a diverse view of agriculture. The most promising students will be considered for future training and employment opportunities.

Meanwhile, in Harsova, Romania, we launched the Preparing Today’s Youth for Tomorrow’s World project. Our employees visit secondary schools, helping students to improve their professional skills and enhance their employability, while also evaluating competencies among college students.

Finally, in Argentina, we are taking part in the Cadena Productiva (Productive Chain) programmes led by the Chamber of Commerce, Industry and Services of San Lorenzo. We welcome students to our plants, where they learn about our production processes and business activities, and how these contribute to the country’s economy. Some 159 students took part in 2022.

Looking ahead

We will continue to invest in capacity building programmes in the local communities where we source our products and operate our facilities, helping to build resilience for local people and our business.
To thrive in the future, it is important to build and maintain constructive relationships with the communities where we work and live. Investing in our communities forms a core part of our sustainability strategy, and renews our social licence to operate. As a major agricultural business, we strive to contribute to local economies while also helping to expand access to skills and protect the environment. We invest in projects that contribute positively to sustainable community development, taking a consistent approach globally to meet shared priorities.

In particular, through our Community Investment Policy, we focus on initiatives with the potential for significant, measurable and lasting impact, ensuring that any investments reflect the needs of communities influenced by our operations, particularly vulnerable groups. We implement projects with relevant stakeholders and create opportunities for our employees to participate, contributing their expertise while strengthening opportunities for our employees to participate, building on our community work to date.

Meeting people’s basic needs
We held campaigns in Brazil, Argentina, Uruguay, Paraguay, South Africa, Switzerland and China, through which we collected and donated food products and clothing forms to vulnerable community members, in partnership with local charities. We also undertook specific activities for elderly people in Ukraine, South Africa, Argentina, social support centres in Brazil, and supported children and youth care centres in South Africa. Some of our employees took part in fundraising sports events in Uruguay and Argentina to promote children’s rights.

Supporting communities in Ukraine
With communities in Ukraine affected by the war, we arranged the transport of displaced employees and their families to safer locations. We also donated first aid supplies to a local medical centre, collected and donated food for refugees and communities, installed drinking water points and drilled wells to improve access to water.

Looking ahead
Building on our community work to date, we aim to keep expanding the scope and reach of our community projects, respecting human rights while leveraging our resources to help local people develop skills that improve their prospects.

Left: We invest in community wellbeing and education and encourage environmental protection.
Guardians of Tomorrow: Empowering school children to safeguard the planet

To help encourage children to take care of the environment, we work to raise awareness of the social and environmental issues connected to agriculture through the Guardians of Tomorrow programme in Brazil. Now, we are expanding the project to Argentina. Here, we speak to COFCO employees involved in the programme and the Vice-Director of a participating Brazilian school to understand the benefits for children and the environment, and the future for this initiative.

Nurturing the programme in Brazil

Based at our Catanduva sugar mill in Brazil, Sustainability Coordinator Elêa Palhares Benetti has always wanted to communicate sustainability issues to children. Meanwhile, she knew that schools in the area had few resources to provide this kind of teaching. At COFCO international, she has had the opportunity to explore the best approach with schools near the company’s Brazilian operations. “We felt that sustainability concepts should be expressed in a more playful way,” she says. “Working with consultants, we created materials including cartoons, booklets and magazines. We’ve covered relevant local themes including biodiversity, preserving fauna and flora, minimising waste, preventing wildfires, recycling, pollination and caring for trees and small vegetable gardens.”

The programme has proven popular with schools, starting with 2,252 children at 33 schools and expanding to reach 6,233 children at 88 schools. “The children know how to explain the importance of bees for our food, and they value plants and trees more for the experience they have of planting a tree seeding. Building their own bee hotels at school (with stingless bees) through Project Kambie and Kambie has proved particularly successful, with some children collecting their own honey.”

In 2022, more than 4,800 pupils from communities near five of our facilities in Mato Grosso also experienced a theatre performance promoting sustainability stories. Additionally, understanding agribusiness connects the children of COFCO International with their parents even more, becoming part of everyday conversations.

“I’m proud of COFCO International for having a programme that helps to prepare our children for the future,” she says. “We are also communicating our values in a fun and enjoyable way. Each year, new concepts and needs are emerging, representing a great evolution for students and teachers.”

At the Escola Municipal Professora Edith Pereira Gonzaga in Birigui, near COFCO International’s Poliéndia sugar mill, some 60 children are taking part in the programme. In 2023, these children will nurture their seedlings and take part in a Cine Arte project, which is a mobile, inflatable space for showing short films, wonderfully theatre and workshops connect art with health and sustainability themes.

Overall, in 2022, when the programme reaches five years, Elêa and her team want to celebrate by reviewing progress and developing materials for themes including climate change, carbon footprinting and the circular economy.

Understanding a teacher’s perspective

Daniela Sansão Motta, Vice-Director at the Escola Municipal Professora Edith Pereira Gonzaga in Birigui, near COFCO International’s Poliéndia sugar mill, says. “I enjoy interacting with the company’s offices, ports and industrial operations. Within months, she had established interest among two schools, including one close to COFCO International’s storage facilities in Intendente Alvear and another near the port terminals of San Martin and Timbúes. Teaching is due to start in 2023, reaching 450 children.

“I believe our success will quickly build momentum and interest among other schools near our operations and beyond,” she says. “It’s a dynamic project that we’ll keep nourishing year on year. In 2023, I’ll also be working with my Brazilian colleagues to share best practices, strengthening each other’s programmes and helping to improve our positive impact on communities.”

Expanding to reach more countries

So how might the programme be expanded to Argentina and why?

As another major sourcing country for COFCO International, Argentina is home to the important and vulnerable Gran Chaco forest – similar in ecological status to Brazil’s Amazon rainforest or Canada savannah. Longstanding HR and Community Projects Coordinator, Margarita Escudor, in Buenos Aires will lead this initiative, which will be known as “Guardianes del Mañana” (Guardians of Tomorrow), building on her sustainability experience. “This project has attracted attention and involves future generations in caring for the planet,” she says. “Knowing that we could adapt the existing materials was also an excellent opportunity, particularly with schools showing a growing interest in these topics.”

In 2022, Margarita and her team worked to tailor the materials to local practices and customs, while translating all the booklets and videos to ensure they are culturally appropriate. She also encouraged employees to propose beneficiary schools, including those attended by their children in communities near the company’s offices, ports and industrial operations. Within months, she had established interest among two schools, including one close to COFCO International’s storage facilities in Intendente Alvear and another near the port terminals of San Martin and Timbúes. Teaching is due to start in 2023, reaching 450 children.

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Right

Guardians of Tomorrow encourages children to live more sustainably and is expanding from Brazil to Argentina.
To ensure our sustainability strategy achieves its objectives, we have a rigorous set of standards and policies in place, promoting the responsible conduct that drives progress. We expect all our employees and partners to adhere to high standards of behaviour, defined by our Code of Conduct (which defines our business ethics and underpins our strategy), and a set of sustainability policies. When joining our company, we ensure that new employees undertake relevant training and know how to share any concerns and raise any concerns by using a company-wide grievance mechanism, the Integrity Hotline. Meanwhile, we work with our suppliers to continuously raise the standards in our supply chain, based on a comprehensive understanding of social and environmental risks and guided by our Supplier Code of Conduct and commodity specific sourcing policies.

Building on our existing standards, in 2022, we developed our own Responsible Agriculture Standard, with a view to reinforce and reward responsible farming and sourcing in our supply chains (see Understanding our grains and oils supply business). In this way, we aim to reinforce and reward responsible farming and sourcing in our supply chains. Elsewhere, we updated our Investment Review and Approval Policy, further integrating the consideration of sustainability risks within investments for new projects and the review of existing assets (please see Environmental stewardship). Additionally, we updated our Anti-Money Laundering Policy to better support employees in identifying and reporting potential money laundering risks. We launched a new online training module in support of the policy with 2,552 employees taking part in 2022, the majority based in offices, and introduced an advanced Anti-Bribery and Corruption training offering, together with updated Code of Conduct training for new employees. Overall, we provided 22,303 training sessions, with a total of 6,275 hours undertaken.

We uphold stringent virus control measures, including on contaminants such as Aflatoxins, pesticides, Ochratoxin, botanicals, heavy metals and Salmonella. To further prevent risk, we used advanced technology, including a dedicated safety alert system and online Near Infrared Reflectance (NIR) technology to conduct rapid, effective product quality tests. We completed internal and external audits in line with globally respected standards such as ISO 17025, GMP+, ISO 22000, ISO 9001 and HACCP within our major industrial facilities. We took action to address any findings, minimising future risks. Finally, we ran a full test of our global food safety alert system in Argentina, enabling us to further optimise the system and better manage and address potential risks. The system delivers a real-time, consolidated global view of food and feed safety requirements, specifications, compliance, alerts and recalls, covering more than 130,000 regulations in 140 countries, and over 175,000 substance limits in more than 60 markets.

Looking ahead
We will continue to work towards meeting global standards for good governance and compliance in our operations and across our supply chains.
Good governance and compliance

Our success as a sustainable business relies on high standards of ethics and integrity, with zero tolerance for fraud, bribery and corruption. We continuously improve our performance in line with international guidance, with all our efforts underpinned by robust governance, as we strive to keep our people and operations safe, create a positive workplace and deliver responsible growth.

Governance structure

In particular, our leaders and managers take ownership of maintaining our high standards and engaging our employees with our values. This starts with our Board of Directors, which leads our ambitions for good governance. It comprises five people, including three COFCO Corporation directors and two non-executive directors. The latter are nominated by the Nomination and Corporate Governance Committee and appointed by the Board.

The Board consists of Nomination and Remuneration, Audit, Investment, and Risk Control and Compliance Committees and oversees the group’s business, strategic decisions and performance. The Executive Committee is appointed by the Board, respecting our focus on diversity and led by our CEO, and is responsible for defining and implementing our corporate strategy. Members have a proven ability to lead and are committed to upholding our values and culture. Within our Corporate Governance framework, we have a Strategy Committee, an Executive Risk Committee and a Finance, Legal and Risk Committee, performing specific functions delegated by the Executive Committee.

Sustainability governance

Importantly, our CEO and Chairman take overall responsibility for sustainability, including climate and nature-related topics, given their fundamental importance for agriculture, with a focus on strengthening our approach to managing and reporting our risks, opportunities and impacts. Our Global Head of Sustainability oversees our sustainability strategy at an operational level and manages a dedicated team of professionals, reporting progress to our leaders. However, all relevant leaders are involved in capturing and approving our progress. Similarly, each department takes responsibility for managing impacts relevant to its own operations.

Within our company, our 184-strong employee network of Sustainability Ambassadors champions our ambitions locally (see Community Investment). Protecting the climate and promoting biodiversity are increasingly central to our governance processes and long-term plans, while also contributing to the UN’s SDGs. As part of our efforts to ensure we act on the latest best practice and guidance, we engage the specialist ESG consultancy Sustainability to evaluate our progress on managing environmental, social and governance risks.

CEO and Chairman

— Hold overall responsibility for sustainability, including climate and nature-related topics.
— Approve our sustainability strategy.

Business and Corporate leadership functions

— Share responsibility for managing specific topics that are material to their functions.
— Support strategy roll-out.

Sustainability leadership

— Oversees our sustainability strategy at an operational level.
— Reports progress back to leaders.

Global Sustainability Ambassador Network

— Involves employees in the implementation of activities that address local priorities (see Community Investment).

Global and Regional Sustainability teams

— Dedicated team of professionals.
— Based in strategic locations.

Our strategy

Our strategy is to continue delivering our corporate strategy. Members of our CEO and Chairman team of professionals, reporting progress to our leaders. However, all relevant leaders are involved in capturing and approving our progress. Similarly, each department takes responsibility for managing impacts relevant to its own operations.

Our global grievance mechanism

To help ensure ethical, fair behaviour and legal compliance, we operate a global grievance mechanism, promoting open, honest communication. The Integrity Hotline is available to all employees and external stakeholders in 13 languages, providing a means to share any concerns regarding misconduct or non-compliant behaviour both confidentially and anonymously, without fear of reprisal. Training is provided to all new joiners, with further materials created in 2022. The Hotline is based on guidance outlined by the UN Guiding Principles on Business and Human Rights, which guides our overall journey of continuous improvement. Stakeholders can use a dedicated telephone number or secure digital channels, hosted by an external grievance specialist agency.

Our centralised Concerns Management Committee (CMC) is responsible for investigating and resolving any issues fairly and impartially, in a timely and efficient manner. It collaborates with relevant teams to provide remediation, as appropriate. The CMC is chaired by our Chief Audit Officer, who updates our Audit Committee. Regionally, it is supported by committees responsible for grievance analysis and investigation.

Since the implementation of our centralised Integrity Hotline in 2019, we have undertaken many actions to improve the efficiency of our global grievance management system, raise stakeholder awareness and ensure the accessibility of the channels in particular for the vulnerable stakeholder groups.

In 2022, we captured 117 new cases through the Integrity Hotline, with the majority focused on discrimination or poor behaviour (85), followed by business conduct (26), environment, health and safety (8), and non-compliance with Supplier Code of Conduct (1). We reviewed every concern, investigating and acting appropriately, and closing 91% by the end of the year, with an average case closure rate of 59 days. Additionally, we were informed directly of 11 and seven cases of non-compliance with our Sustainable Palm Oil and Soy Sourcing Policies respectively, closing 83% by the end of the year.

We continued to conduct analyses and take action to recurrence and are in the process of addressing any outstanding cases. Ultimately, we will seek to resolve all grievances through our Integrity Hotline.

Lilylei Deng
Chief Audit Officer, COFCO International

Integrity Hotline

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Our contribution to the Sustainable Development Goals (SDGs)

<table>
<thead>
<tr>
<th>SDG</th>
<th>Priority target</th>
<th>How we are contributing</th>
<th>Looking ahead</th>
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</thead>
<tbody>
<tr>
<td>2.3</td>
<td>Double the agricultural productivity and incomes of small-scale farmers</td>
<td>We are supporting smallholder farmers, enabling their access to the global market and supporting their sustainable productivity improvements. In 2022, we purchased soybean from more than 45,400 smallholders in Brazil and supported economic inclusion and capacity-building efforts in India and South Africa (see Sustainable livelihoods).</td>
<td>Both in our supply chains and in our limited farming footprint, we will continue to invest in projects that drive further improvements in agricultural productivity, sustainability and responsibility, towards long-term global food security.</td>
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<tr>
<td>3.6</td>
<td>Promote mental health and wellbeing</td>
<td>Beyond occupational safety, we continue to expand our efforts to promote good employee wellbeing, for example, through events and lectures on health-specific topics. We have also further invested in road safety measures, including driver training and awareness campaigns (see Keeping our employees safe and community investment).</td>
<td>We will focus on further building on our achievements and progress, involving employers and contractors in fostering a culture of safety and strong environmental management standards. Similarly, we will continue to listen to our local communities to identify and address their concerns and priorities.</td>
</tr>
<tr>
<td>5.1</td>
<td>Ensure the conservation, sustainable use of terrestrial and inland freshwater ecosystems</td>
<td>We seek to attract and retain diverse and talented people and further develop their skills and knowledge, while also investing in capacity-building across the communities where we operate, supporting good governance and inclusion. In 2022, we continued to develop our compliance tools to assess human rights risks among our suppliers. We also addressed improvement opportunities identified in our previous human rights impact assessment (see Respecting human rights).</td>
<td>We will continue to invest in human capital development within our workforce and local communities, while also increasing our efforts to conserve precious freshwater ecosystems. We will also strive to increase the volumes of sustainably certified products and launch our Responsible Agriculture Standard.</td>
</tr>
<tr>
<td>13.1</td>
<td>Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</td>
<td>In 2022, we conducted a climate risk assessment to inform our climate strategy development (see Reducing our carbon footprint and building climate resilience) and supported the launch of the agriculture sector roadmap to 1.5ºC during COP27 (see Soybean and Palm oil). We also continued to invest in significant resources in emission reduction measures, projects that improve our understanding of the emissions associated with our commodities (see Sugarcane and Coffee), and awareness campaigns for employees and communities (see Community investment and Energy and resource efficiency).</td>
<td>In 2023 and beyond, we will continue to focus on reducing deforestation and illegal conversion, especially in sensitive biomes, and we will further invest in reforestation and conservation projects, as well as technologies that reduce our operations’ impact in freshwater ecosystems. We will also strive to increase the volumes of sustainably certified products and launch our Responsible Agriculture Standard.</td>
</tr>
</tbody>
</table>

We are committed to supporting the UN’s 2030 Sustainable Development Goals through our strategy to feed the world responsibly. Here, we share how our actions are contributing towards the goals where we stand to make the greatest impact. Through our community investment activities, we are also contributing to SDGs 1, 4, 6, 7, 11 and 14, while addressing local communities’ needs (see Community investment).
Towards deforestation-free soy: inspiring sector-wide action

To achieve sustainable, deforestation and conversion-free soy, it’s vital that the soy industry takes a robust, standardised approach to driving progress. Here, Asbjørn Bersting, President of the European association of compound feed and premixes manufacturers, FEFAC, shares the story behind FEFAC’s responsible soy sourcing guidelines and how they stand to deliver greater clarity and raise sustainability standards in the European soy market.

Tell us about FEFAC’s responsible soy sourcing guidelines.
As a European organisation, we represent the feed industry’s interests at European Union level and contribute to market transparency on sustainability efforts. First published in 2015, our Soy Sourcing Guidelines now stipulate that soy should be free of natural ecosystem conversion (and deforestation) after the 31 December 2020 cut-off date. It’s challenging setting the right level of ambition, but we believe conversion-free is a fundamental addition and what the market wants. Importantly, we’re moving ahead of legislation, anticipating the implementation of the upcoming EU deforestation-free requirements.

Could you explain the main scope and ambitions of the guidelines?
By enabling comparability in the market, the intention is that valued chain stakeholders gain a key reference for responsible soy sourcing. To achieve this, the Guidelines cover more than 70 criteria, including requirements related to the environment, good agricultural practices and responsible working conditions. Any responsible soy scheme or programme should demonstrate that they meet these requirements, thereby increasing the value of their efforts. Benchmarking for the guidelines is conducted by the International Trade Centre (a World Trade Organization subsidiary). We recommend that third-party verification is executed by ISO-accredited auditors, with satellite monitoring to verify the production of conversion-free soy.

How has FEFAC developed the recommendations?
Beginning in 2014, we sought to accelerate the progress of responsible soy to the mainstream market and encourage all soy suppliers to engage. Building on the work of the Round Table on Responsible Soy Association and existing national sourcing guidance, we sought to make our guidance ambitious but achievable for the majority of schemes. Importantly, we wanted to ensure that it covered a broad sustainability scope. It’s not just about deforestation, although that’s our main focus. We cover requirements on legal compliance, responsible working conditions, environmental stewardship, good agricultural practices and land rights.

How should the Guidelines be used by companies such as COFCO International and their supply chains?
Upstream of the feed industry, we have suppliers of responsible soy, while downstream we have market demand. FEFAC strives to engage both sides. It’s important for soy suppliers to see downstream market interest in sourcing from soy schemes that have passed our benchmarking. So we remain in contact with major customer-facing collectives such as the Consumer Goods Forum Forest Positive Coalition, who set the soy sourcing guidance for their membership. We’re driving for a situation whereby customers include compliance with our guidance in their purchasing requirements.

How do you view COFCO International’s work on sustainable soy sourcing?
We’re glad to include COFCO International in our list of benchmarked schemes. The company is a trusted partner for numerous compound feed manufacturers. Both within its own soy sourcing ambitions and as part of the Soft Commodities Forum, it has shown leadership, while delivering on transparency commitments.

What’s next and how do you see the soy sector evolving in the future?
We are operating in dynamic times, with the upcoming European legislation likely to affect how the soy supply chain is structured. Post-2025, we will see a completely new situation. We will therefore stay focused and update the FEFAC Soy Sourcing Guidelines, as appropriate, if we believe this would create the best outcome for responsible soy certification.

Selected information
The version of the 2022 COFCO International Sustainability Report that was verified by DNV was the version released on 23.06.2023. The scope and boundary of our work is restricted to the key performance indicators included within the Report (the “Selected Information”). The selected performance indicators can be found on the GRI Summary:

- GRI 302-1 Energy consumption within the organization
- GRI 303-3 Water withdrawal
- GRI 305-1 Direct (Scope 1) GHG Emissions
- GRI 305-2 Indirect (Scope 2) GHG Emissions
- GRI 403-9(a.i) Work Related Injuries (rate only)

Our observations and areas for improvement will be raised in a separate report to COFCO International Management. Selected observations are provided below. These observations do not affect our conclusion set out below.

- COFCO International has established a variety of process for collecting and consolidating the various data it reports. We have confidence in the process in place to ensure reasonable accuracy for the information presented in the report and management systems.
- It was verified that the company uses systems and software to control information, as appropriate, if we believe this would create the best outcome for responsible soy certification.
We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – Assurance Engagements other than Audits and Reviews of Historical Financial Information (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance. For emissions data and disclosures, we used the GHG Protocol requirements and plan and perform the assurance engagement to obtain limited assurance.

Inherent Limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by COFCO International have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decisions a person or an entity may make based on this Independent Limited Assurance Statement.

Responsibilities of the Management of COFCO International and DNV

The assurance engagement service we provide is subject to inherent limitations as described above. However, DNV has determined that the assurance obtained is substantial as a result of our procedures as described below. Our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Reviewing the selected data collected at corporate level and statements made in the Sustainability Report;
- Conducting interviews with COFCO International’s management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Virtual site visit to Vetoropera Terminal (Brasil) to review processes and systems for preparing site level data consolidated at COFCO International’s Head Office;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing the specified data collected at corporate level and statements made in the Sustainability Report.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with COFCO International’s management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Virtual site visit to Vetoropera Terminal (Brasil) to review processes and systems for preparing site level data consolidated at COFCO International’s Head Office;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing the specified data collected at corporate level and statements made in the Sustainability Report.

The procedures performed in a limited assurance engagement vary in nature and timing and regulatory requirements.

Assurance obtained is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.